Section I – Demographic Summary & Market Review

Ballard*King & Associates (B*K) teamed with Sink Combs Dethlefs Architects, has been tasked with the completion of a preliminary feasibility study for the possible development of an indoor aquatic center and/or an indoor ice rink for the City of Longmont, Colorado.

Demographics

The following is a summary of the basic demographic characteristics of the identified service areas along with participation standards in swimming and ice activities as produced by the National Sporting Goods Association.

Service Areas: A new indoor aquatic center and/or an ice rink would be developed primarily to serve the needs of the residents of Longmont, as such the city boundaries have been identified as the Primary Service Area. However, as the focus of the study is on an ice rink and competitive aquatics center, a larger Secondary Service Area has been developed. This Secondary Service Area includes Longmont, Niwot, Lyons, Mead, Firestone, Frederick, Dacono, Berthoud, Mead and several other smaller communities.

Service areas are usually defined by the distance people will travel on a regular basis (a minimum of once a week) to utilize a facility or its programs. Use by individuals outside of this area will be much more limited and will focus more on special activities or events (tournaments, etc.).

Service areas can vary in size with the types of components that are included in a facility. Facilities that focus on competitive aquatics and ice are traditionally more regionally based and have a much larger market area draw than more traditional recreation centers. As a result, the Secondary Service Area serves as the accepted market area for these facilities.

Service areas can also be based upon a facility's proximity to major thoroughfares. Other factors impacting the use as it relates to driving distance are the presence of alternative service providers in the service area. Alternative service providers can have an impact upon general use and the associated penetration rates for programs and services.

It should be recognized that with the potential for a significant competitive pool and an ice rink there could be an even larger draw for tournaments, meets and other specialty events. However, it should also be recognized that those events would not take place on a regular basis.

Service Area Comparison Chart:

	City of Longmont	Secondary Service Area
Population:		
2010 Census	86,270	255,291[1]
2015 Estimate	90,074	275,444
2020 Estimate	95,502	302,641
Households:		
2010 Census	33,252	97,558
2015 Estimate	34,920	105,806
2020 Estimate	37,207	116,577
Families:		
2010 Census	22,074	69,247
2015 Estimate	23,140	74,938
2020 Estimate	24,604	82,462
Average Household Size:		
2010 Census	2.58	2.60
2015 Estimate	2.56	2.59
2020 Estimate	2.55	2.58
Ethnicity (2015 Estimate):		
Hispanic	25.4%	17.6%
Race (2015 Estimate):		
White	82.3%	87.1%
Black	1.1%	0.8%
American Indian	1.0%	0.8%
Asian	3.4%	2.1%
Pacific Islander	0.1%	0.1%
Other	8.9%	6.3%
Multiple	3.1%	2.8%
Median Age:		
2010 Census	36.6	38.1
2015 Estimate	37.8	39.0
2020 Estimate	38.1	39.2
Median Income:		
2015 Estimate	$65,064	$68,927
2020 Estimate	$77,440	$79,733
Household Budget Expenditures[2]:		
Housing	113	117
Entertainment & Recreation	111	117

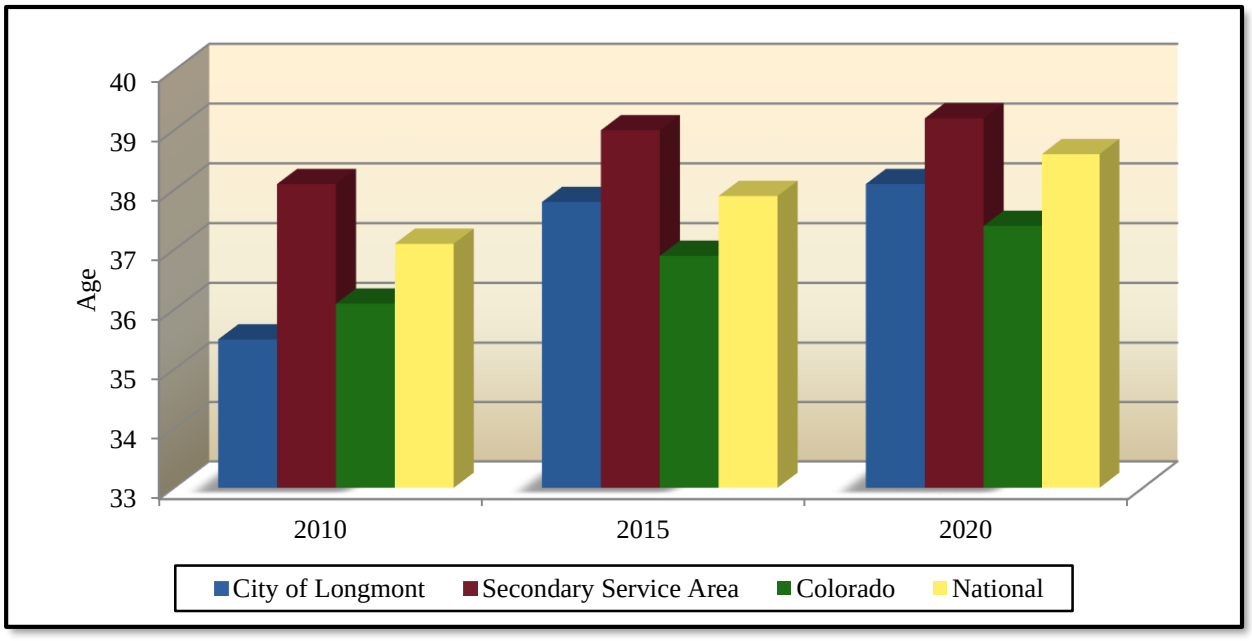
[1] The Secondary Service Area population increased 31.6% from the 2000 to the 2010 Census.
[2] This information is placed on an index with a reference point being the National average of 100.

Age and Income: The median age and household income levels are compared with the national number as both of these factors are primary determiners of participation in recreation activities. The lower the median age, the higher the participation rates are for most activities. The level of participation also increases as the median income level goes up.

Table A – Median Age:

	2010 Census	2015 Projection	2020 Projection
City of Longmont	35.5	37.8	38.1
Secondary Service Area	38.1	39.0	39.2
State of Colorado	36.1	36.9	37.4
Nationally	37.1	37.9	38.6

Chart A – Median Age:



The median age for the City of Longmont and the State of Colorado is lower than the National number. The median age in the Secondary Service Area is higher than the City, State and National numbers. These median age numbers point to the presence of families with children.

Map A – Median Age by Census Tract:

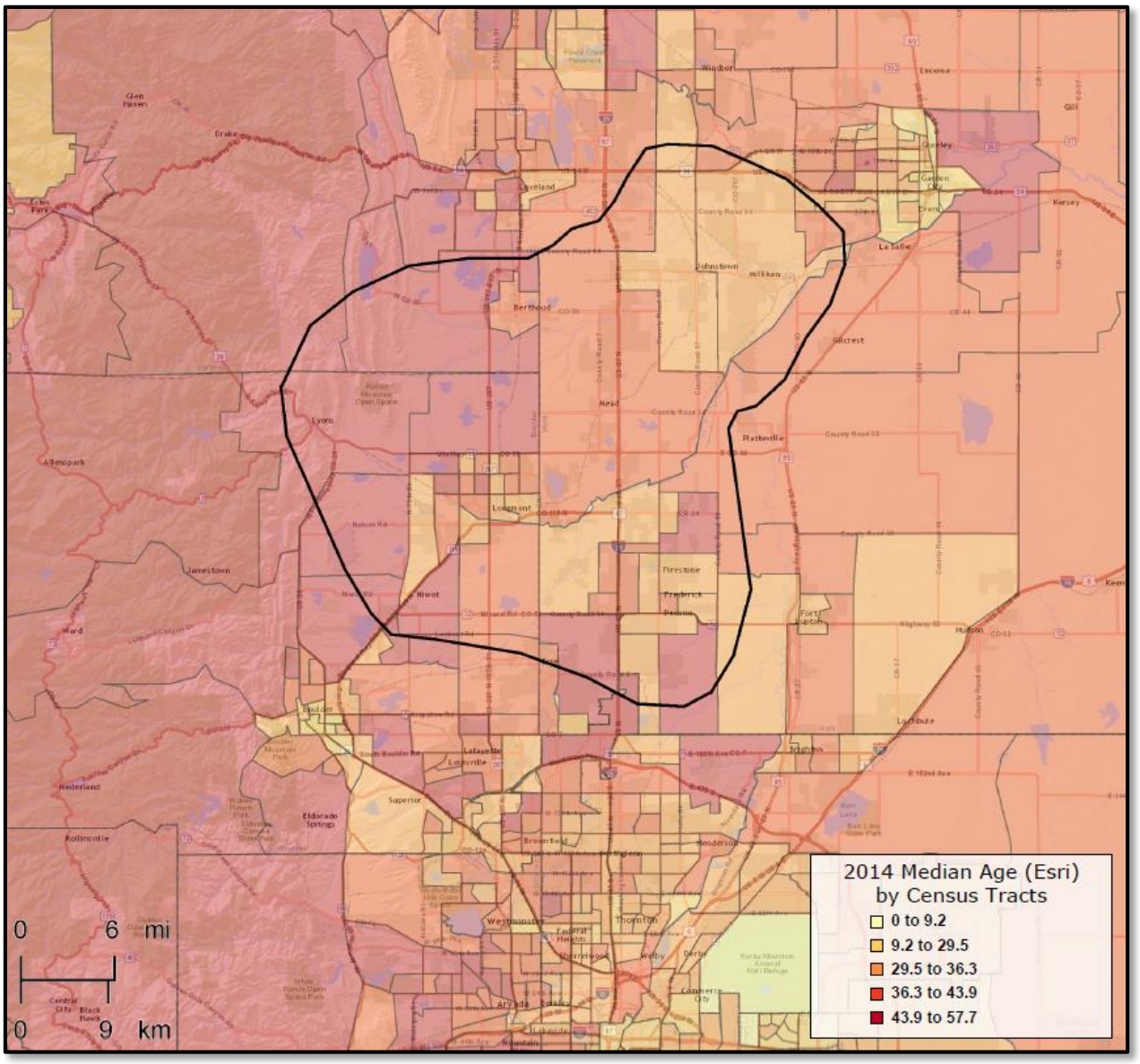
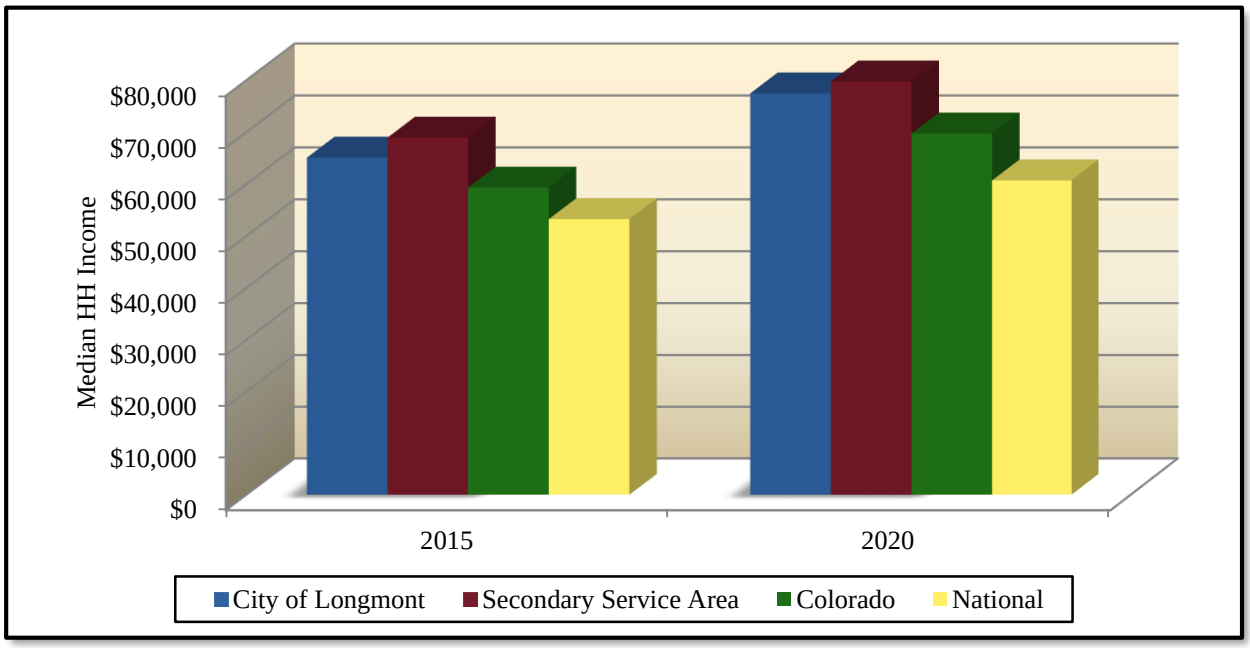


Table B – Median Household Income:

	2015 Projection	2020 Projection
City of Longmont	$65,064	$77,440
Secondary Service Area	$68,927	$79,733
State of Colorado	$59,306	$69,705
Nationally	$53,217	$60,683

Chart B – Median Household Income:



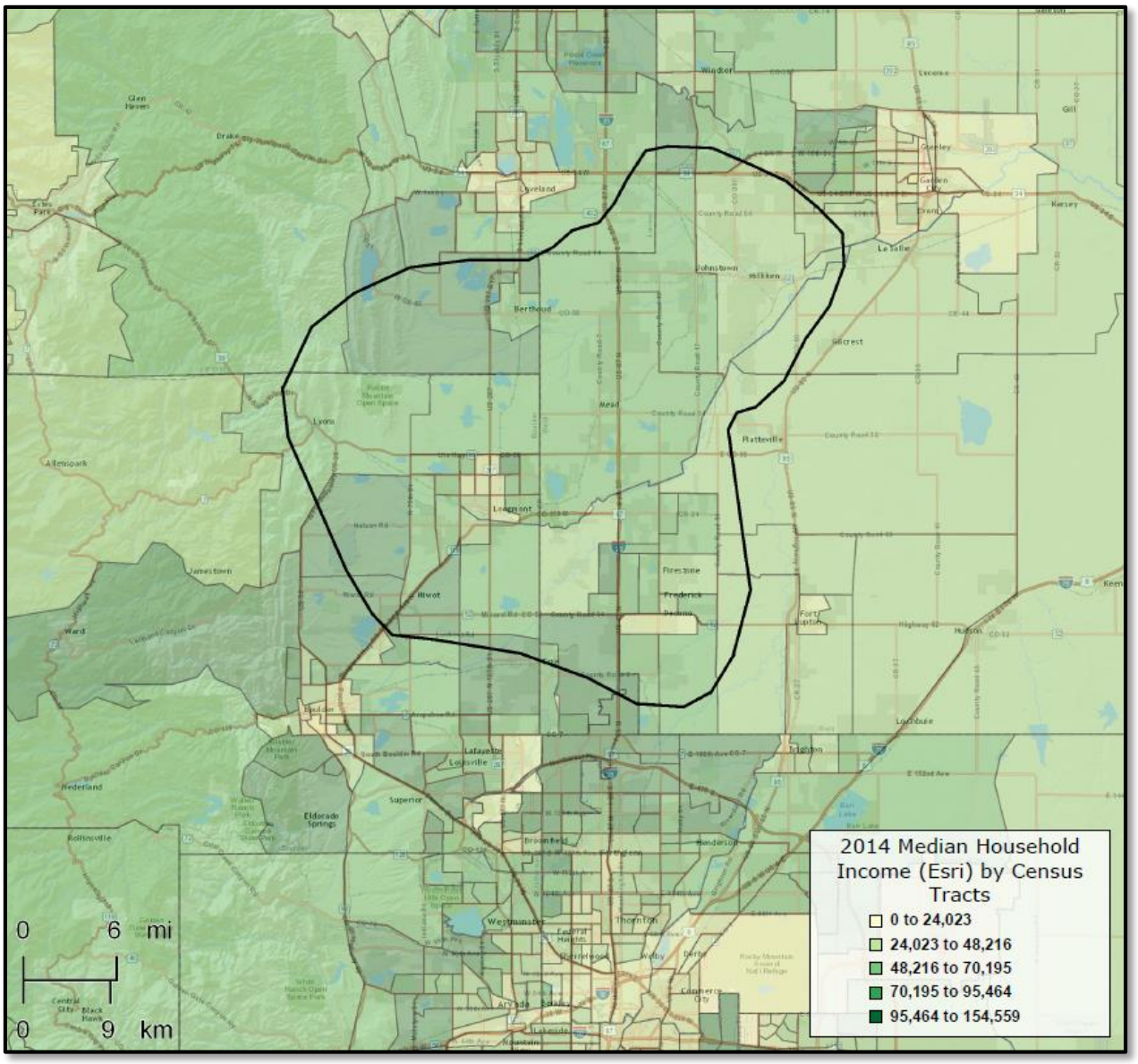
Based upon 2015 projections for median household income the following narrative can be provided the service areas:

In the City of Longmont the percentage of households with median income over $50,000 per year is 60.6% compared to 53.2% on a national level. Furthermore, the percentage of the households in the service area with median income less than $25,000 per year is 16.7% compared to a level of 23.1% nationally.

In the Secondary Service Area the percentage of households with median income over $50,000 per year is 64.3% compared to 53.2% on a national level. Furthermore, the percentage of the households in the service area with median income less than $25,000 per year is 14.1% compared to a level of 23.1% nationally.

The median age in the State of Colorado is higher than the National number, while the City is higher than the State and the Secondary Service Area is higher than the City. This information will need to be taken into consideration when developing fee structure and cost recovery goals for recreation facilities.

Map B – Median Household Income by Census Tract



Household Budget Expenditures: In addition to taking a look at Median Age and Median Income, it is important to examine Household Budget Expenditures. In particular looking at housing information; shelter, utilities, fuel and public services along with entertainment & recreation can provide a snap shot into the cost of living and spending patterns in the services areas. The table below looks at that information and compares the service areas.

Table C – Household Budget Expenditures[3]:

City of Longmont	SPI	Average Amount Spent	Percent
Housing	113	$24,196.51	30.2%
Shelter	*114*	*$18,734.29*	*23.4%*
Utilities, Fuel, Public Service	*108*	*$5,462.22*	*6.8%*
Entertainment & Recreation	111	$3,660.70	4.6%

Secondary Service Area	SPI	Average Amount Spent	Percent
Housing	117	$25,197.51	29.9%
Shelter	*118*	*$19,439.48*	*23.1%*
Utilities, Fuel, Public Service	*114*	*$5,758.03*	*6.8%*
Entertainment & Recreation	117	$3,882.67	4.6%

State of Colorado	SPI	Average Amount Spent	Percent
Housing	109	$23,491.41	30.1%
Shelter	*110*	*$18,110.97*	*23.2%*
Utilities, Fuel, Public Service	*106*	*$5,380.44*	*6.9%*
Entertainment & Recreation	108	$3,572.25	4.6%

SPI: Spending Potential Index as compared to the National number of 100.

Average Amount Spent: The average amount spent per household.

Percent: Percent of the total 100% of household expenditures.

Note: Shelter along with Utilities, Fuel, Public Service are a portion of the Housing percentage.

[3] Consumer Spending data are derived from the 2004 and 2005 Consumer Expenditure Surveys, Bureau of Labor Statistics. ESRI forecasts for 2012 and 2018.

Chart C – Household Budget Expenditures Spending Potential Index:

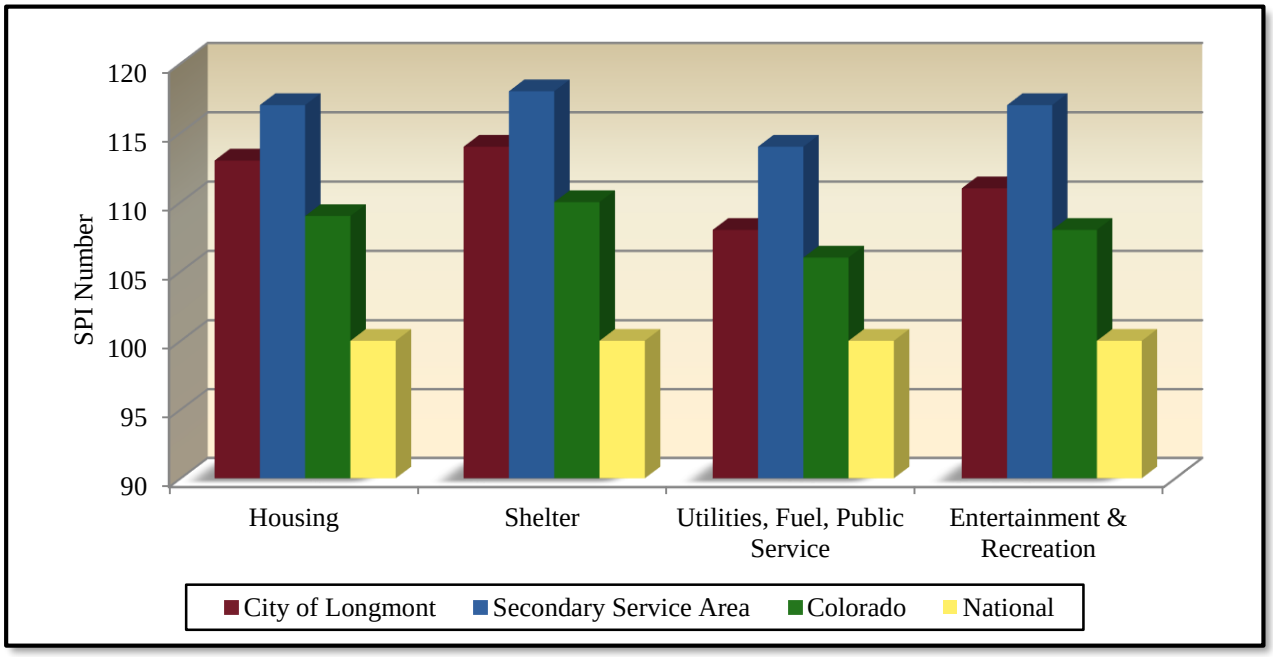


Chart C, illustrates the Household Budget Expenditures Spending Potential Index in the service areas. The index follows the exact same trend as the median household income. The State of Colorado is higher than the National number, with the City being higher than the State and the Secondary Service Area higher than the City.

It will be important to keep this information in mind when evaluating fee structure and looking at an appropriate cost recovery philosophy for the department.

The total number of housing units in the City of Longmont is 35,008 and 95.0% of those are occupied, or 33,252 housing units. Of the available units the bulk are available for rent or for sale. Additionally, in the City of Longmont the total number of households with children is 35.6% or 11,825 households.

The total number of housing units in the Secondary Service Area is 102,889 and 94.8% of those are occupied, or 97,558 housing units. Of the available units the bulk are available for sale or rent. Additionally, in the Secondary Service Area the total number of households with children is 35.6% or 34,683 households.

Recreation Expenditures Spending Potential Index: Finally, through the demographic provider that B*K utilizes for the market analysis portion of the report, we are able to examine the overall propensity for households to spend dollars on recreation activities. The following comparisons are possible.

Table D – Recreation Expenditures Spending Potential Index[4]:

City of Longmont	SPI	Average Spent
Fees for Participant Sports	121	$144.33
Fees for Recreational Lessons	117	$143.32
Social, Recreation, Club Membership	117	$199.95
Exercise Equipment/Game Tables	114	$87.26
Other Sports Equipment	103	$8.21

Secondary Service Area	SPI	Average Spent
Fees for Participant Sports	128	$153.82
Fees for Recreational Lessons	127	$156.08
Social, Recreation, Club Membership	126	$215.56
Exercise Equipment/Game Tables	121	$93.13
Other Sports Equipment	109	$8.73

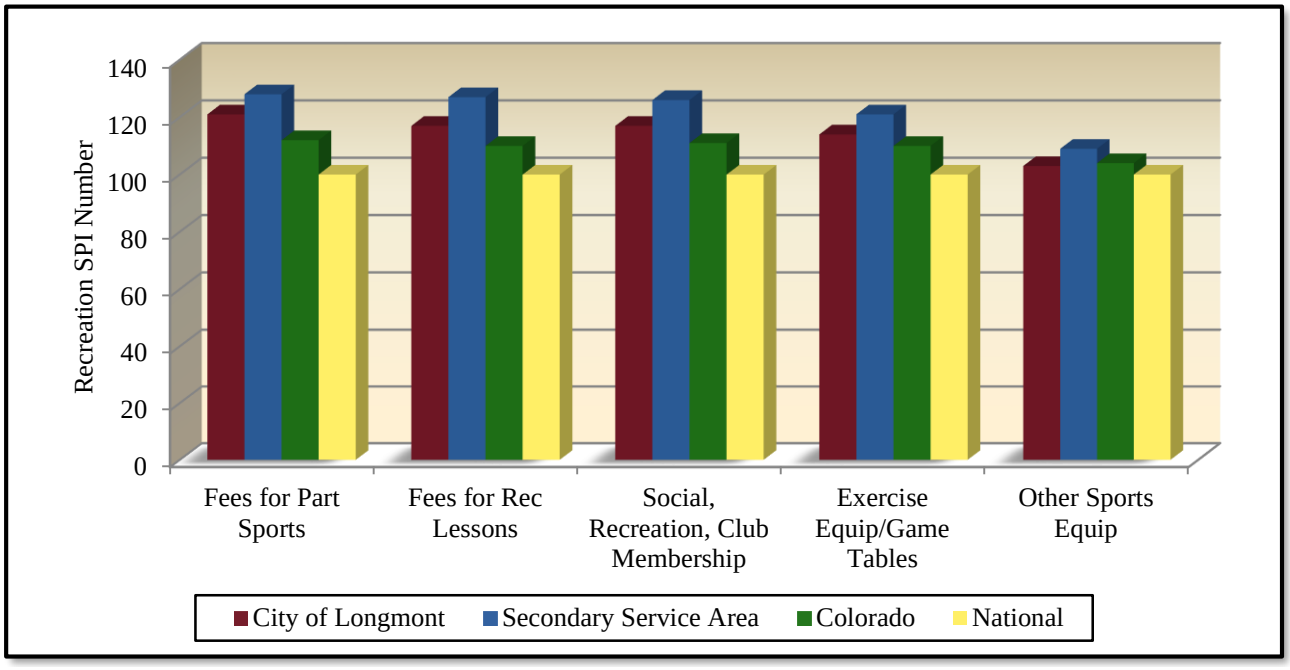
State of Colorado	SPI	Average Spent
Fees for Participant Sports	112	$134.95
Fees for Recreational Lessons	110	$134.59
Social, Recreation, Club Membership	111	$190.42
Exercise Equipment/Game Tables	110	$84.26
Other Sports Equipment	104	$8.29

Average Amount Spent: The average amount spent for the service or item in a year.

SPI: Spending potential index as compared to the national number of 100.

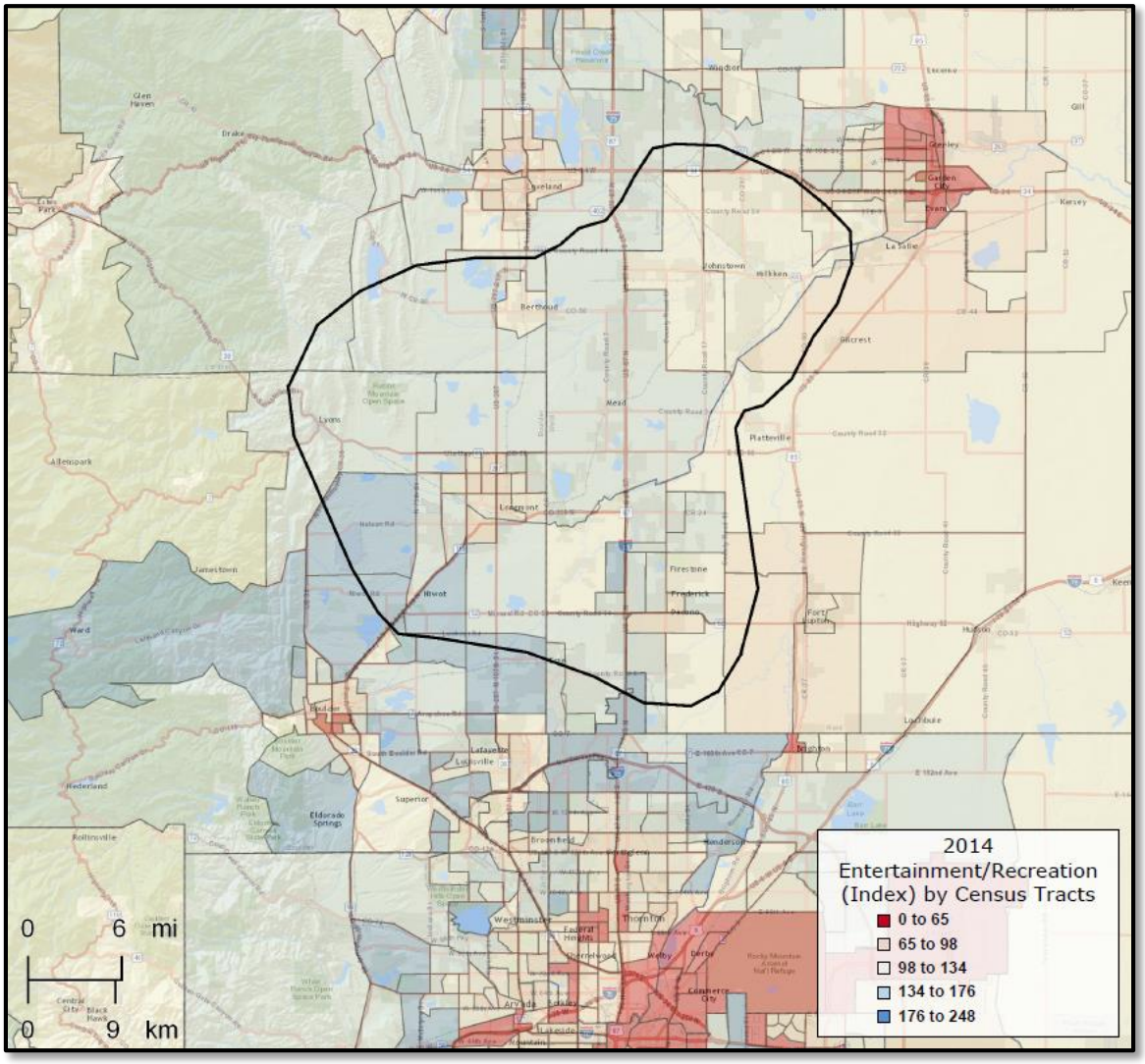
[4] Consumer Spending data are derived from the 2006 and 2007 Consumer Expenditure Surveys, Bureau of Labor Statistics.

Chart D – Recreation Spending Potential Index:



The Spending Potential Index for Recreation is comparable to the Household Budgetary Spending. It is also important to note that these dollars are already currently being spent.

Map C – Entertainment & Recreation Spending Potential Index by Census Tract



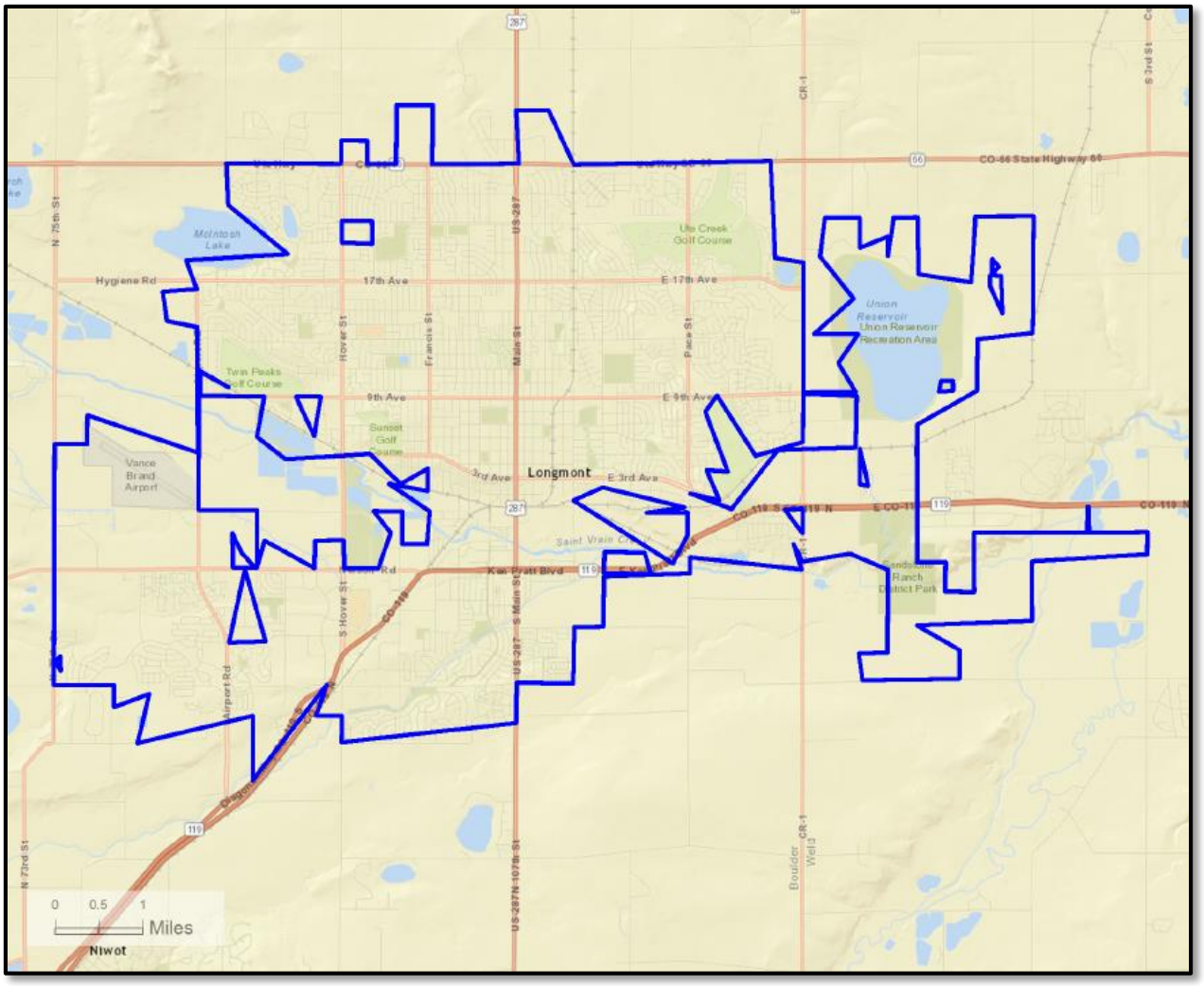
Service Area Analysis

Each of the identified service area's demographic characteristics is now analyzed individually.

Primary Service Area – City of Longmont proper

Secondary Service Area – Includes Longmont, Niwot, Lyons, Mead, Firestone, Frederick, Dacono, Berthoud, Mead and several other smaller communities.

Map D – Primary Service Area Map:



Population Distribution by Age: Utilizing census information for the Primary Service Area, the following comparisons are possible.

Table E – 2015 Primary Service Area Age Distribution
(ESRI estimates)

Ages	Population	% of Total	Nat. Population	Difference
-5	5,977	6.6%	6.3%	+0.3%
5-17	16,334	18.1%	16.6%	+1.5%
18-24	7,757	8.6%	10.1%	-1.5%
25-44	23,894	26.5%	26.1%	+0.4%
45-54	12,729	14.1%	13.4%	+0.7%
55-64	11,516	12.8%	12.8%	+0.0%
65-74	6,949	7.7%	8.6%	-0.9%
75+	4,922	5.4%	6.2%	-0.8%

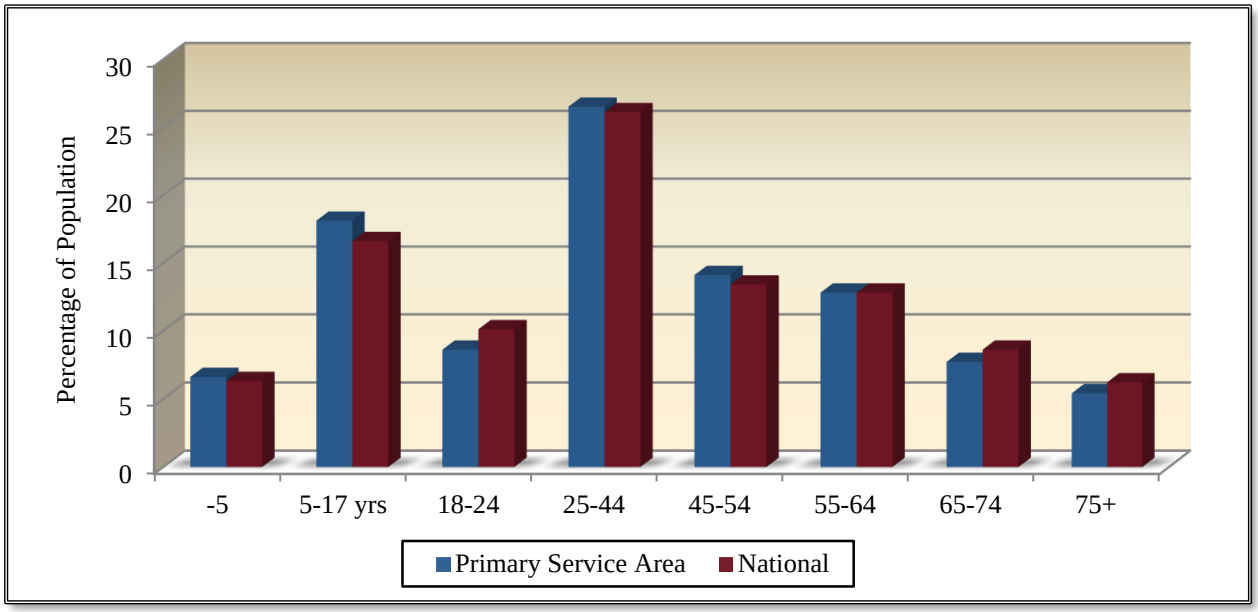
Population: 2015 census estimates in the different age groups in the Primary Service Area.

% of Total: Percentage of the Primary Service Area/population in the age group.

National Population: Percentage of the national population in the age group.

Difference: Percentage difference between the Primary Service Area population and the national population.

Chart E – 2015 Primary Service Area Age Group Distribution



The demographic makeup of the Primary Service Area, when compared to the characteristics of the national population, indicates that there are some differences with an equal or larger population in the -5, 5-17, 25-44, 45-54 and 55-64 age groups and a smaller population in the 18-24, 65-74 and 75+ age groups. The largest positive variance is in the 5-17 age group with +1.5%, while the greatest negative variance is in the 18-24 age group with -1.5%.

Population Distribution Comparison by Age: Utilizing census information from the Primary Service Area, the following comparisons are possible.

Table F – 2015 Primary Service Area Population Estimates
(U.S. Census Information and ESRI)

Ages	2010 Census	2015 Projection	2020 Projection	Percent Change	Percent Change Nat'l
-5	6,213	5,977	6,289	+1.2%	+0.3%
5-17	16,384	16,334	16,606	+1.4%	-0.7%
18-24	6,814	7,757	7,829	+14.9%	+1.7%
25-44	24,326	23,894	25,657	+5.5%	+7.1%
45-54	13,197	12,729	12,250	-7.2%	-9.7%
55-64	9,699	11,516	12,292	+26.7%	+17.4%
65-74	5,194	6,949	8,662	+66.8%	+50.1%
75+	4,443	4,922	5,918	+33.2%	+22.0%

Chart F – Primary Service Area Population Growth

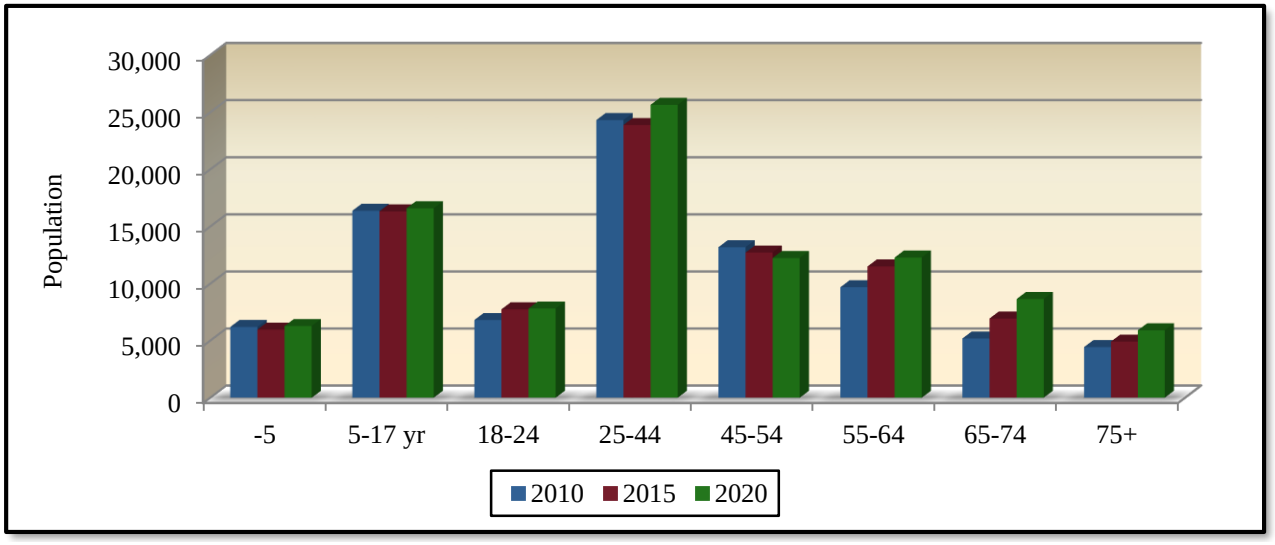


Table-F, illustrates the growth or decline in age group numbers from the 2010 census until the year 2020. It is projected that all of the age categories will see an increase in population, except for the 45-54 age category. It must be remembered that the population of the United States as a whole is aging and it is not unusual to find negative growth numbers in the younger age groups and significant net gains in the 45 plus age groupings in communities which are relatively stable in their population numbers.

Ethnicity and Race: Below is listed the distribution of the population by race and ethnicity for the Primary Service Area for 2015 population projections. Those numbers were developed from 2010 Census Data.

Table G – Primary Service Area Ethnic Population and Median Age 2015
(Source – U.S. Census Bureau and ESRI)

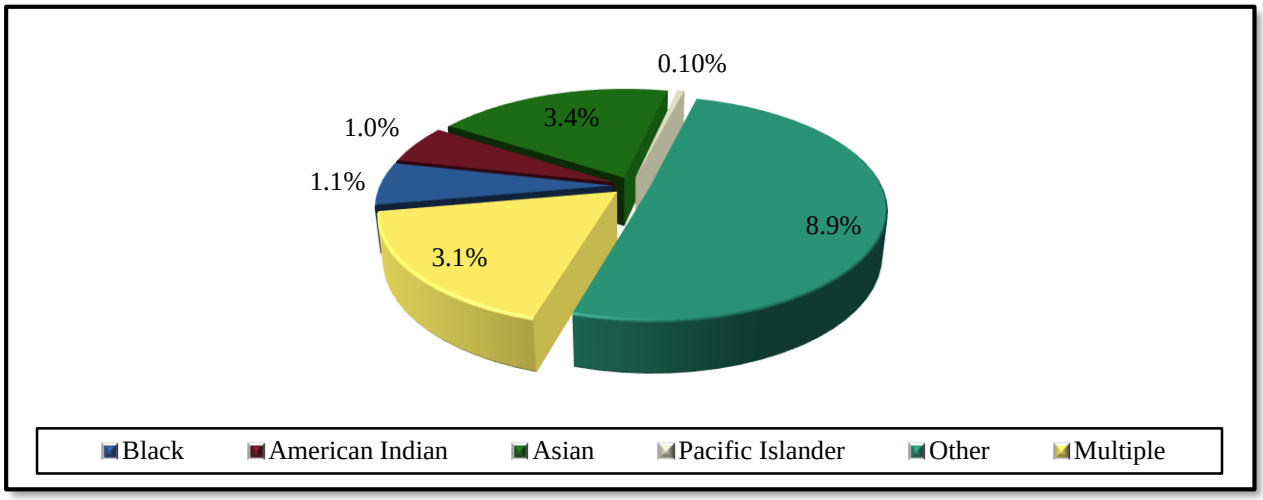
Ethnicity	Total Population	Median Age	% of Population	% of CO Population
Hispanic	22,842	25.3	25.4%	21.4%

Table H – Primary Service Area Population by Race and Median Age 2015
(Source – U.S. Census Bureau and ESRI)

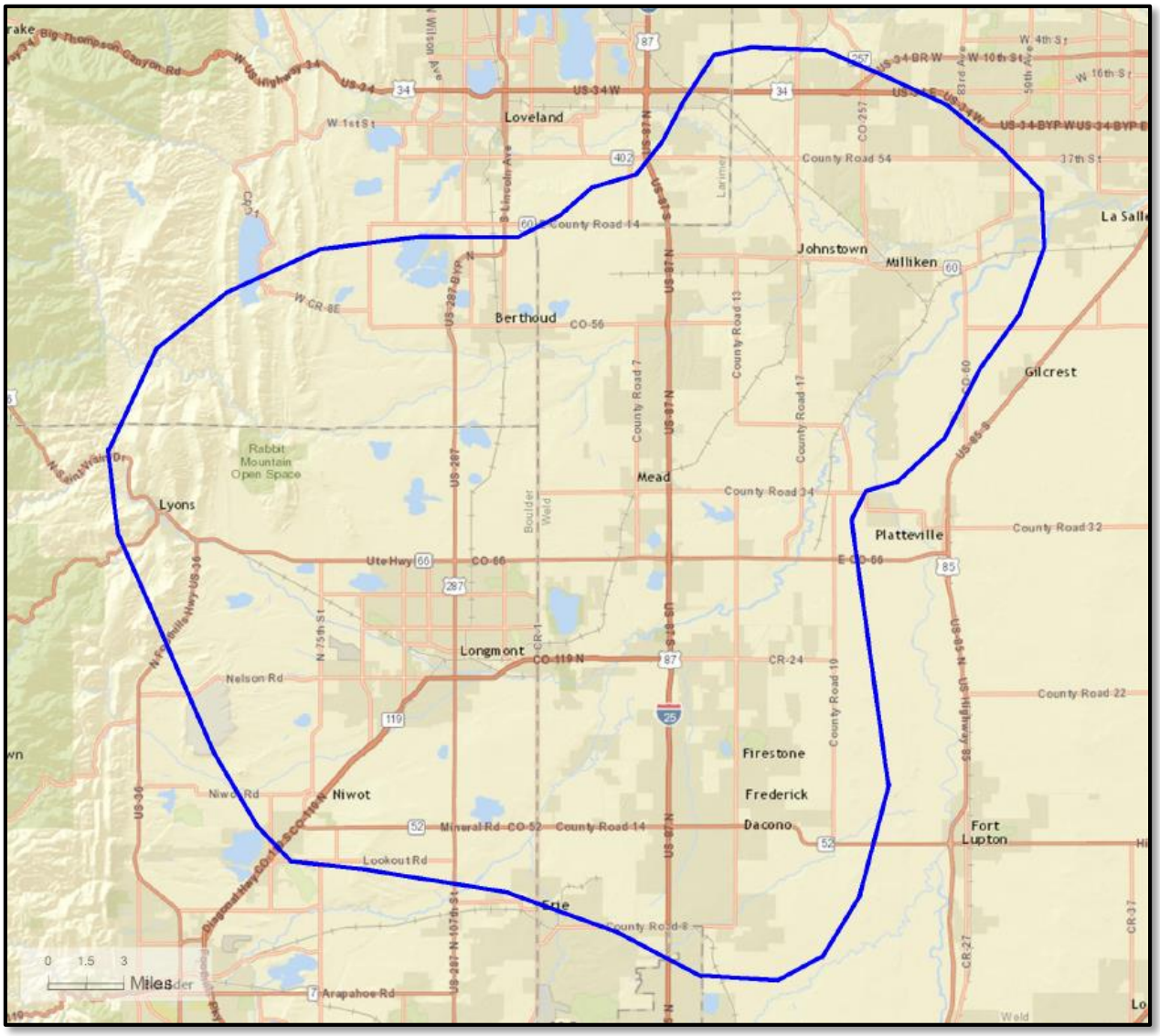
Race	Total Population	Median Age	% of Population	% of CO Population
White	74,148	40.6	82.3%	80.3%
Black	988	35.1	1.1%	4.2%
American Indian	936	32.6	1.0%	1.2%
Asian	3,066	35.0	3.4%	3.0%
Pacific Islander	49	35.7	0.1%	0.2%
Other	8,059	25.7	8.9%	7.5%
Multiple	2,829	18.1	3.1%	3.8%

2015 Primary Service Area Total Population: 90,074 Residents

Chart G – 2015 Primary Service Area Non-White Population by Race



Map E – Secondary Service Area Map:



Population Distribution by Age: Utilizing census information for the Secondary Service Area, the following comparisons are possible.

Table I – 2015 Secondary Service Area Age Distribution
(ESRI estimates)

Ages	Population	% of Total	Nat. Population	Difference
-5	18,101	6.6%	6.3%	+0.3%
5-17	50,489	18.3%	16.6%	+1.7%
18-24	21,664	7.9%	10.1%	-2.2%
25-44	69,995	25.4%	26.1%	-0.7%
45-54	39,558	14.4%	13.4%	+1.0%
55-64	37,789	13.7%	12.8%	+0.9%
65-74	23,351	8.4%	8.6%	-0.2%
75+	14,500	5.3%	6.2%	-0.9%

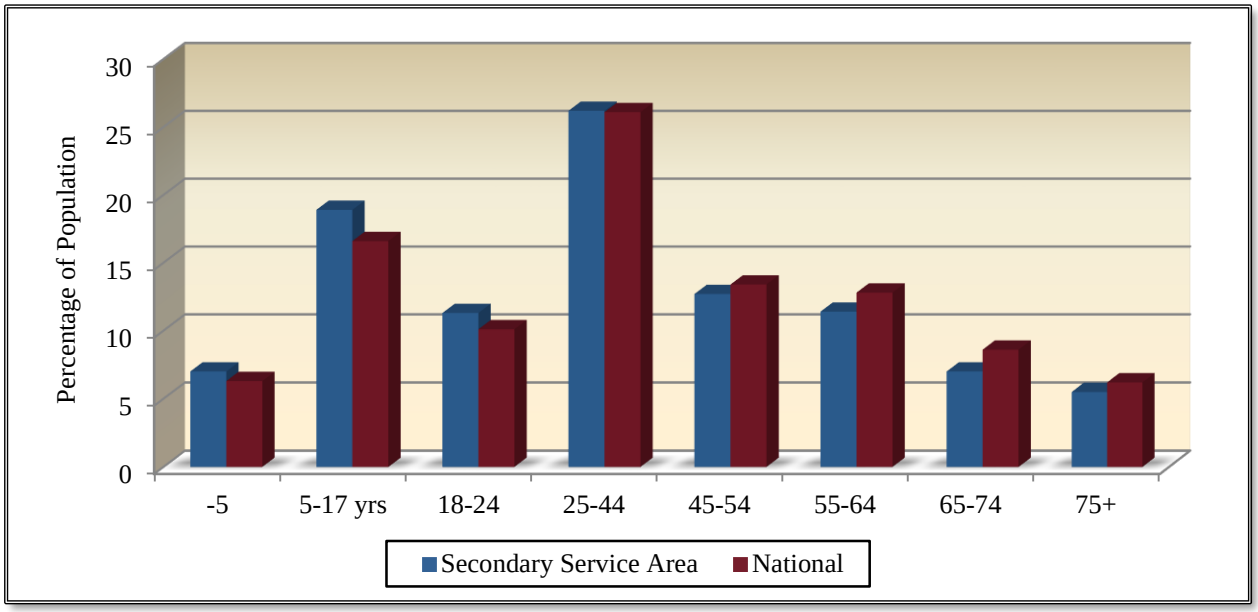
Population: 2015 census estimates in the different age groups in the Secondary Service Area.

% of Total: Percentage of the Secondary Service Area/population in the age group.

National Population: Percentage of the national population in the age group.

Difference: Percentage difference between the Secondary Service Area population and the national population.

Chart H – 2015 Secondary Service Area Age Group Distribution



The demographic makeup of the Secondary Service Area, when compared to the characteristics of the national population, indicates that there are some differences with an equal or larger population in the -5, 5-17, 45-54 and 55-64 age groups and a smaller population in the 18-24, 25-44, 65-74 and 75+ age groups. The largest positive variance is in the 5-17 age group with +1.7%, while the greatest negative variance is in the 18-24 age group with -2.2%.

Population Distribution Comparison by Age: Utilizing census information from the Secondary Service Area, the following comparisons are possible.

Table J – 2015 Secondary Service Area Population Estimates
(U.S. Census Information and ESRI)

Ages	2010 Census	2015 Projection	2020 Projection	Percent Change	Percent Change Nat'l
-5	17,820	18,101	19,801	+11.1%	+0.3%
5-17	48,467	50,489	54,223	+11.9%	-0.7%
18-24	18,172	21,664	22,140	+21.8%	+1.7%
25-44	68,302	69,995	78,418	+14.8%	+7.1%
45-54	40,395	39,558	39,347	-2.6%	-9.7%
55-64	31,965	37,789	40,786	+27.6%	+17.4%
65-74	17,491	23,351	29,636	+69.4%	+50.1%
75+	12,680	14,500	18,291	+44.3%	+22.0%

Chart I – Secondary Service Area Population Growth

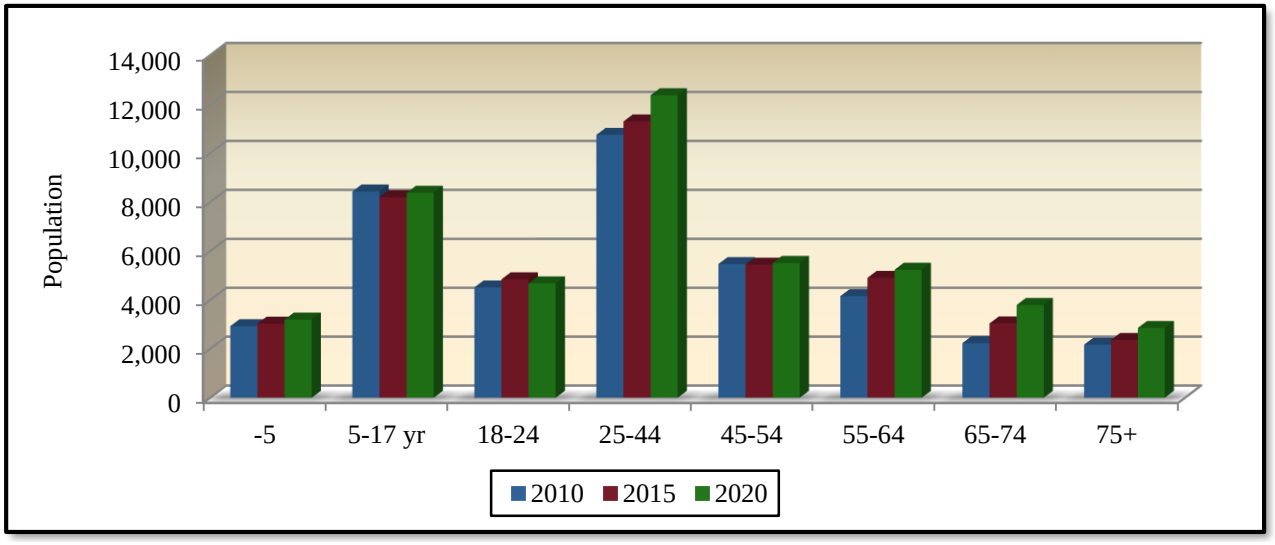


Table-J, illustrates the growth or decline in age group numbers from the 2010 census until the year 2020. It is projected that all of the age categories will see an increase in population, except for the categories of 45-54. It must be remembered that the population of the United States as a whole is aging and it is not unusual to find negative growth numbers in the younger age groups and significant net gains in the 45 plus age groupings in communities which are relatively stable in their population numbers.

Ethnicity and Race: Below is listed the distribution of the population by race and ethnicity for the Secondary Service Area for 2015 population projections. Those numbers were developed from 2010 Census Data.

Table K – Secondary Service Area Ethnic Population and Median Age 2015
(Source – U.S. Census Bureau and ESRI)

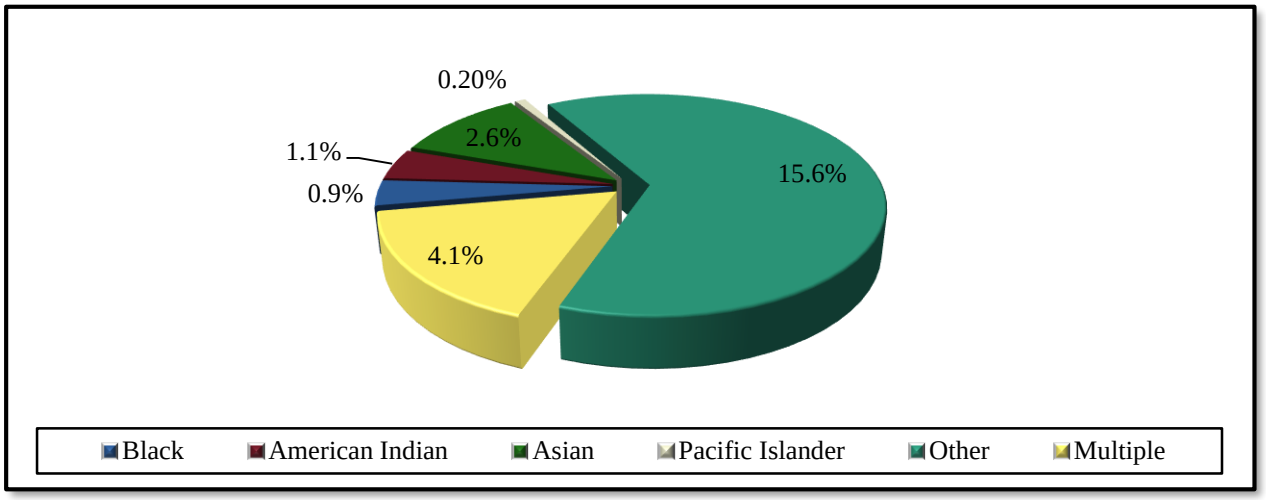
Ethnicity	Total Population	Median Age	% of Population	% of CO Population
Hispanic	48,440	25.3	17.6%	21.4%

Table L – Secondary Service Area Population by Race and Median Age 2015
(Source – U.S. Census Bureau and ESRI)

Race	Total Population	Median Age	% of Population	% of CO Population
White	239,869	41.0	87.1%	80.3%
Black	2,141	33.3	0.8%	4.2%
American Indian	2,241	34.4	0.8%	1.2%
Asian	5,785	35.7	2.1%	3.0%
Pacific Islander	160	31.0	0.1%	0.2%
Other	17,412	26.1	6.3%	7.5%
Multiple	7,835	17.8	2.8%	3.8%

2015 Secondary Service Area Total Population: 275,444 Residents

Chart J – 2015 Secondary Service Area Non-White Population by Race



Tapestry Segmentation

Tapestry segmentation represents the 4th generation of market segmentation systems that began 30 years ago by ESRI. The 65-segment Tapestry Segmentation system classifies U.S. neighborhoods based on their socioeconomic and demographic compositions. While the demographic landscape of the U.S. has change significantly since the 2000 Census the tapestry segmentation has remained stable as neighborhoods have evolved.

The value of including this information for the City of Longmont is that it allows the organization to better understand the consumers/constituents in their service areas and supply them with the right products and services.

The tapestry segmentation system classifies U.S. neighborhoods into 65 distinctive market segments. Neighborhoods are sorted by more than 60 attributes including; income, employment, home value, housing types, education, household composition, age and other key determinates of consumer behavior.

The following pages and tables outline the top 5 tapestry segments in each of the service areas and provides a brief description of each. This information combined with the key indicators and demographic analysis of each service area help further describe the markets that the City of Longmont looks to serve with programs, services and special events.

For comparison purposes the following are the top 10 Tapestry segments, along with percentage in the United States:

1. Green Acres (6A)	3.2%
2. Southern Satellites (10A)	3.2%
3. Savvy Suburbanites (1D)	3.0%
4. Salt of the Earth (6B)	2.9%
5. Soccer Moms (4A)	2.8%
	15.1%
6. Middleburg (4C)	2.8%
7. Midlife Constants (5E)	2.5%
8. Comfortable Empty Nesters (5A)	2.5%
9. Heartland Communities (6F)	2.4%
10. Old and Newcomers (8F)	2.3%
	12.5%

Table M – Primary Service Area Tapestry Segment Comparison
(ESRI estimates)

	Primary Service Area		*Demographics*	
	Percent	Cumulative Percent	Median Age	Median HH Income
Old & Newcomers (8F)	11.3%	11.3%	38.5	$39,000
Soccer Moms (4A)	9.8%	21.1%	36.6	$84,000
In Style (5B)	9.1%	30.2%	41.1	$66,000
Front Porches (8E)	8.3%	38.5%	34.2	$39,000
American Dreamers (7C)	6.7%	45.2%	31.8	$48,000

Old & Newcomers (8F) – This market features singles' lifestyles on a budget. The focus is more on convenience than consumerism, economy over acquisition. These neighborhoods are in transition, populated by renters who are just beginning their careers or retiring. Some are still in college; some are taking adult education classes.

Soccer Moms (4A) – These residents are affluent, family-oriented, with a country flavor. Residents are partial to new housing away from the bustle of the city but close enough to commute to professional job centers. Families are typically comprised of 2 working parents. Outdoor activities and sports are characteristics of life in the suburban periphery, like bicycling, jogging, golfing, boating and target shooting.

In Style (5B) – These residents embrace an urban lifestyle that includes support of the arts, travel and extensive reading. They are connected and make full use of the advantages of mobile devices. Professional couples or single households without children, they have the time to focus on their homes and their interests.

Front Porches (8E) – These neighborhoods blend household types, with more young families with children or single households than average. This group is also more diverse than the U.S. Half of the householders are renters and the homes are older town homes or duplexes. Friends and family are central to residents and influence buying decisions. Participate in leisure activities including sports, indoor water parks, bingo and video games.

American Dreamers (7C) – These residents own their own homes, primarily single-family housing – farther out of the city, where housing is more affordable. The majority of households include younger married-couple families with children and frequently, grandparents. Diversity is high. Spending is focused more on the members of the household than the home. During the summer, family outings to theme parks are especially popular.

Table N – Secondary Service Area Tapestry Segment Comparison
(ESRI estimates)

	Secondary Service Area		*Demographics*	
	Percent	Cumulative Percent	Median Age	Median HH Income
Soccer Moms (4A)	8.8%	8.8%	36.6	$84,000
Boomburbs (1C)	8.1%	16.9%	33.6	$105,000
Savvy Suburbanites (1D)	7.3%	24.2%	44.1	$104,000
Middleburg (4C)	7.2%	31.4%	35.3	$55,000
Up & Coming Families (7A)	6.2%	37.6%	30.7	$64,000

Soccer Moms (4A) – These residents are affluent, family-oriented, with a country flavor. Residents are partial to new housing away from the bustle of the city but close enough to commute to professional job centers. Families are typically comprised of 2 working parents. Outdoor activities and sports are characteristics of life in the suburban periphery, like bicycling, jogging, golfing, boating and target shooting.

Boomburbs (1C) – These neighborhoods are comprised of young professionals with families that have opted to trade up to the newest housing in the suburbs. This is an affluent market but with a higher proportion of mortgages. Rapid growth still distinguishes these neighborhoods, although the boom is more subdued now than it was 10 years ago. Residents are well-educated professionals with a running start on prosperity. Physical fitness is a priority. Leisure includes a range of activities; hiking, biking, swimming, golfing, etc.

Savvy Suburbanites (1D) – These residents are well educated, well read, and well capitalized. Families include empty nesters and empty nester wannabes, who still have adult children at home. Located in older neighborhoods outside the urban core, their suburban lifestyle includes home remodeling and gardening plus the active pursuit of sports and exercise.

Middleburg (4C) – These neighborhoods transformed from the easy pace of country living to semirural subdivisions in the last decade, when the housing boom reached out. Residents are conservative, family-oriented consumers. They are thrifty but willing to carry some debt and are already investing in their futures. This market is younger but growing in size and assets.

Up & Coming Families (7A) – These residents are younger and more mobile and ethnically diverse than the previous generation. They are ambitious, working hard to get ahead and willing to take some risks to achieve their goals. Their homes are new and their families are young, additionally this is one of the fastest growing markets in the country.

Demographic Summary

The following summarizes the demographic characteristics of the two service areas.

- The Primary Service Area has a substantial population base to support a variety of recreation amenities.
- The Secondary Service Area is much larger and would help support a competitive aquatics center and/or an indoor ice rink of some magnitude.
- Both service areas have a growing population base.
- The population distribution by age of the two service areas is somewhat similar. Both have a population that is younger and are made up of households with children. Both service areas also have smaller senior populations.
- The cost of living in both the Primary and Secondary Service area is higher than the State but lower than the National level.
- The median household income for both service areas is higher than the State and the National number.
- The Secondary Service Area is slightly older and has a higher median household income level than the Primary Service Area.
- The rate of expenditure on recreation is higher than the National level and higher than the State.
- Both service areas have a significant Hispanic population.
- The tapestry segments of the two service areas are similar.

Sports Participation Numbers

In addition to analyzing the demographic realities of the service areas, it is possible to project participation in recreation and sport activities.

Participation Numbers: On an annual basis the National Sporting Goods Association (NSGA) conducts an in-depth study and survey of how Americans spend their leisure time. This information provides the data necessary to overlay rate of participation onto the Secondary Service Area to determine market potential.

B*K takes the national average and combines that with participation percentages of the Secondary Service Area based upon age distribution, median income, region and the national number. Those four percentages are then averaged together to create a unique participation percentage for the service area. This participation percentage when applied to the population of the Secondary Service Area then provides an idea of the market potential for various activities.

The activity information is not geared specifically towards a facility in the City of Longmont, but rather provides a framework of participants in Longmont for specific activities that could take place in an aquatic or ice facility.

Community Recreation Related Activities Participation: These are the primary two activities that the study is focused on, along with "did not participate" statistics.

Table O – Recreation Activity Participation Rates for the Secondary Service Area

Indoor Activities	Age	Income	Region	Nation	Average
Hockey (ice)	1.2%	1.5%	1.3%	1.2%	1.3%
Swimming	16.0%	17.0%	19.2%	15.8%	17.0%

	Age	Income	Region	Nation	Average
Did Not Participate	21.7%	21.6%	19.3%	21.8%	21.1%

Age: Participation based on individuals ages 7 & Up of the Secondary Service Area.

Income: Participation based on the 2013 estimated median household income in the Secondary Service Area.

Region: Participation based on regional statistics (Mountain).

National: Participation based on national statistics.

Average: Average of the four columns.

Anticipated Participation Numbers by Activity: Utilizing the average percentage from Table-O above plus the 2010 census information and census estimates for 2015 and 2020 (over age 7) the following comparisons can be made.

Table P – Participation Rates Secondary Service Area

Indoor Activity	Average	2010 Part.	2015 Part.	2020 Part.	Difference
Hockey (ice)	1.3%	2,970	3,287	3,596	+626
Swimming	17.0%	39,040	43,200	47,262	+8,222

	Average	2010 Part.	2015 Part.	2020 Part.	Difference
Did Not Participate	21.1%	48,495	53,662	58,708	+10,214

Note: The estimated participation numbers indicated above are for activities that could take place in a proposed ice rink or aquatic center. These numbers do not necessarily translate into attendance figures for a facility. It should also be noted that the "Did Not Participate" statistics refers to all 51 activities outlined in the NSGA 2013 Survey Instrument.

Swimming Participation: In addition to developing a unique participation percentage for the Secondary Service Area, B*K also examines the frequency of participation in swimming according to the 2013 NSGA Survey. The chart below outlines that data.

Table Q – Participation Frequency Swimming

	Frequent	Occasional	Infrequent
Swimming Frequency	110+	25-109	6-24
Swimming Percentage of Population	6.4%	45.0%	48.6%

In the chart above one can look at each activity and how it is defined with respect to visits being Frequent, Occasional or Infrequent and then the percentage of population that participates.

Table R – Swimming Participation Numbers

	Frequent	Occasional	Infrequent	Total
Swimming	112	67	15	
Population	2,765	19,440	20,995	
Visits	**309,680**	**1,302,480**	**314,925**	**1,927,085**

The table above takes the frequency information one step further and identifies the number of times an individual may participate in the activity, applies the percentage from Table-Q to the 2015 swimming population in Table-P and then gives a total number of aquatic facility visits. Those visits are not specific to one facility, but rather specific to the Secondary Service Area population.

Hockey Participation: In addition to developing a unique participation percentage for the Secondary Service Area, B*K also examines the frequency of participation in Hockey (ice) according to the 2013 NSGA Survey. The chart below outlines that data.

Table S – Participation Frequency Hockey (ice)

	Frequent	Occasional	Infrequent
Hockey (ice) Frequency	30+	5-29	2-4
Hockey (ice) Percentage of Population	27.0%	45.0%	28.0%

In the chart above one can look at each activity and how it is defined with respect to visits being Frequent, Occasional or Infrequent and then the percentage of population that participates.

Table T – Participation Numbers

	Frequent	Occasional	Infrequent	Total
Hockey (ice)	32	17	3	
Population	887	1,479	920	
Visits	**28,384**	**25,143**	**276**	**53,803**

The table above takes the frequency information one step further and identifies the number of times an individual may participate in the activity, applies the percentage from Table-S to the 2015 Hockey (ice) population in Table-P and then gives a total number of ice rink visits related to hockey. Those visits are not specific to one facility, but rather specific to the Secondary Service Area population.

Participation by Ethnicity and Race: Participation in sports activities is also tracked by ethnicity and race. The table below compares the overall rate of participation nationally with the rate for Hispanics and African Americans. Utilizing information provided by the National Sporting Goods Association's 2013 survey, the following comparisons are possible.

Table U – Comparison of National, African American and Hispanic Participation Rates

Indoor Activity	Secondary Service Area	National Participation	African American Participation	Hispanic Participation
Hockey (ice)	1.3%	1.0%	0.6%	1.4%
Swimming	17.0%	17.0%	5.8%	10.9%

Secondary Service Part: The unique participation percentage developed for the Secondary Service Area.

National Rate: The national percentage of individuals who participate in the given activity.

African American Rate: The percentage of African Americans who participate in the given activity.

Hispanic Rate: The percentage of Hispanics who participate in the given activity.

Based upon the fact that there is a significant (greater than 10%) African American or Hispanic population in both the Secondary Service Area the information contained in Table-U becomes more important.

Adult Market Potential Index: In addition to examining the participation numbers for various indoor activities through the NSGA 2013 Survey and the Spending Potential Index for Entertainment & Recreation, B*K can access information about Sports & Leisure Market Potential. The following information illustrates participation rates for adults in various activities in the Secondary Service Area.

Table V – Market Potential Index for Adult Participation in Activities

Adults participated in:	Expected Number of Adults	Percent of Population	MPI
Ice Skating	6,163	3.0%	116
Swimming	38,346	18.5%	117

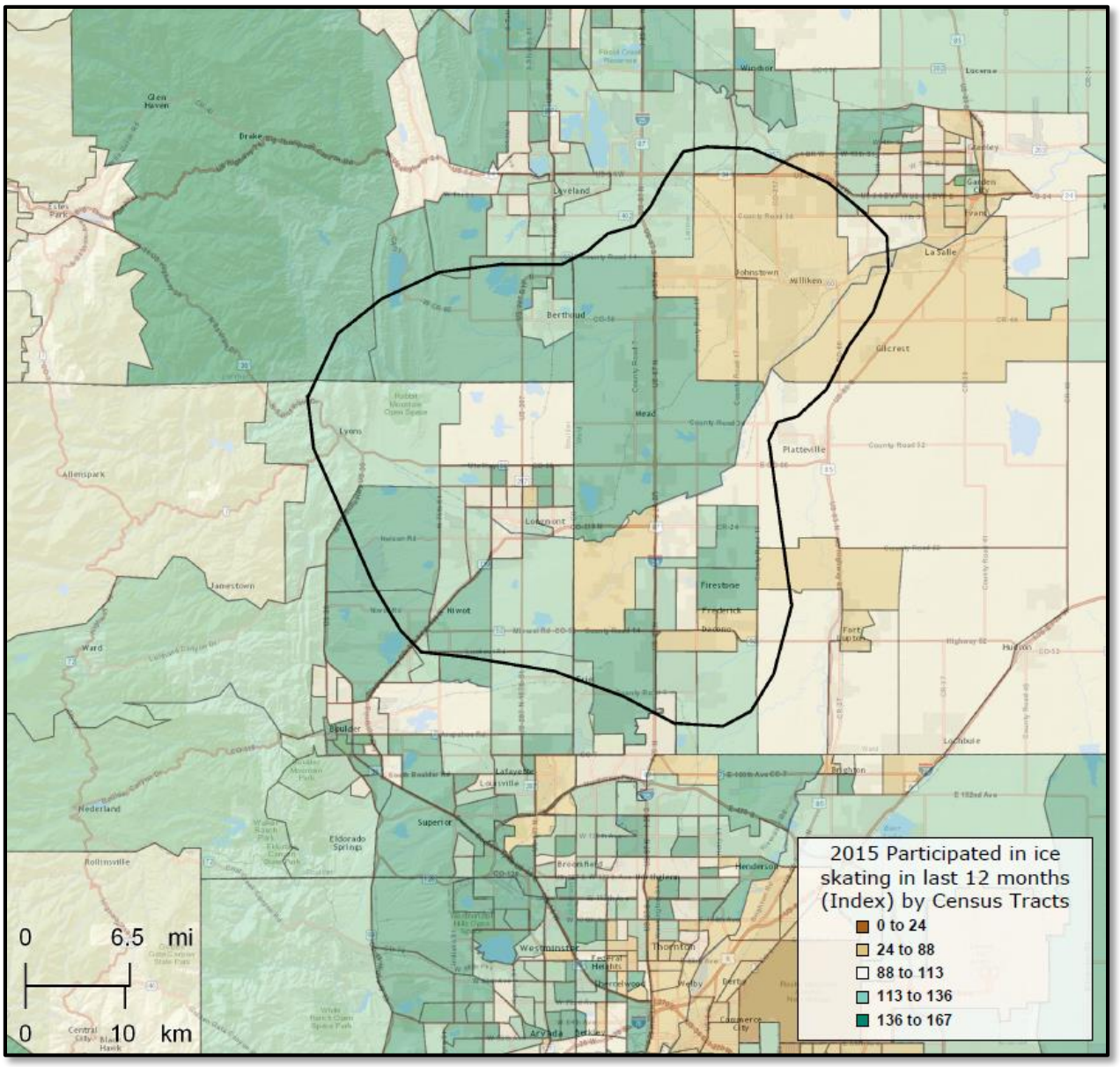
Expected # of Adults: Number of adults, 18 years of age and older, participating in the activity in the Secondary Service Area.

Percent of Population: Percent of the service area that participates in the activity.

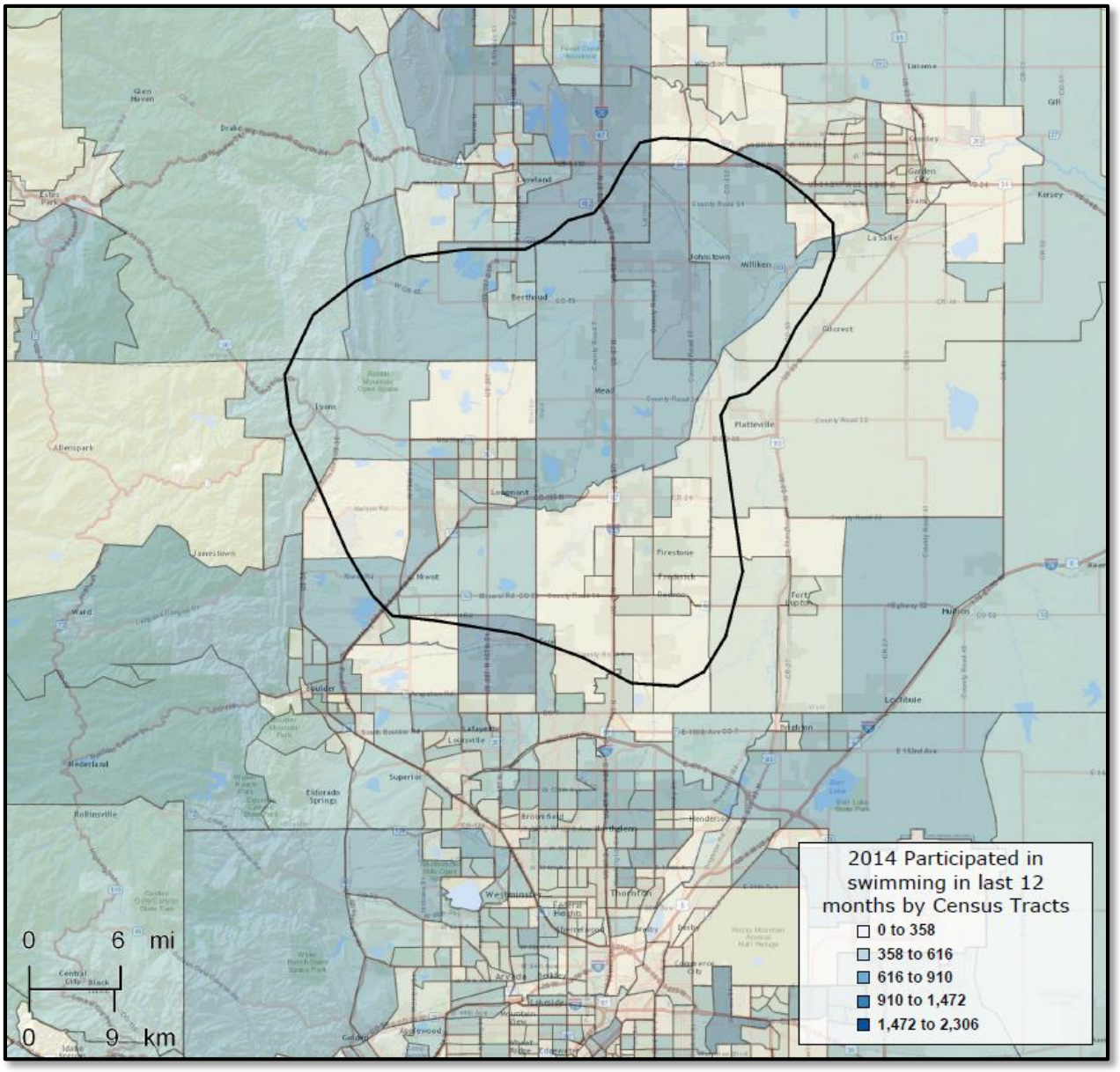
MPI: Market potential index as compared to the national number of 100.

This table indicates that the overall propensity for adults to participate in the various activities listed is lower than the national number of 100 in no instances. In both instances the MPI is considerably higher than the National number.

Map F – Adult Participation in Ice Skating by Census Tract:



Map G – Adult Participation in Swimming by Census Tract:



Sports Participation Trends: Below are listed those sports activities that would often take place either in an indoor community recreation facility, aquatic facility, or in close proximity to, and the percentage of growth or decline that each has experienced nationally over the last 10 years (2004-2013).

Table W – National Activity Trend (in millions)

Indoor Activities	2004 Participation	2013 Participation	Percent Change
Yoga[5]	6.3	25.9	+311.1%
Wrestling[6]	1.3	3.1	+138.5%
Aerobic Exercising	29.5	44.1	+49.5%
Hockey (ice)	2.4	3.5	+45.8%
Gymnastics	3.9	5.1	+30.8%
Weight Lifting	26.2	31.3	+19.5%
Workout @ Club	31.8	34.1	+7.2%
Exercising w/ Equipment	52.2	53.1	+1.7%
Volleyball	10.8	10.1	-6.5%

Indoor/Outdoor	2004 Participation	2013 Participation	Percent Change
Running/Jogging	24.7	42.0	+70.0%
Exercise Walking	84.7	96.3	+13.7%
Basketball	27.8	25.5	-8.3%
Bicycle Riding	40.3	35.6	-11.7%
Cheerleading	4.1	3.5	-14.6%
Swimming	53.4	45.5	-14.8%

2013 Participation: The number of participants per year in the activity (in millions) in the United States.

2004 Participation: The number of participants per year in the activity (in millions) in the United States.

Percent Change: The percent change in the level of participation from 2004 to 2013.

For the past 10+ years Exercise Walking, Exercise w/ Equipment and Swimming have been in the top 3-4 activities. It is the opinion of B*K that this trend will continue, due to the fact that these activities touch all age groups. It is also possible that as the economy continues a slow recovery, participation in most activities will see an increase in the next 3-5 years.

[5] Since 2007 growth rate.
[6] Since 2007 growth rate.

Aquatic Participation Trends: Swimming is one of the most popular sports and leisure activities, meaning that there is a significant market for aquatic pursuits. Approximately 19.2% of the population in the Mountain region of the country participates in aquatic activities. This is a significant segment of the population.

Despite the recent emphasis on recreational swimming the more traditional aspects of aquatics (including swim teams, instruction and aqua fitness) remain as an important part of most aquatic centers. The life safety issues associated with teaching children how to swim is a critical concern in most communities and competitive swim team programs through USA Swimming, high schools, masters, and other community based organizations continue to be important. Aqua fitness, from aqua exercise to lap swimming, has enjoyed strong growth during the last ten years with the realization of the benefits of water-based exercise.

A competitive pool allows for a variety of aquatic activities to take place simultaneously and can handle aqua exercise classes, learn to swim programs as well competitive swim training and meets (short course and possibly long course). In communities where there are a number of competitive swim programs, utilizing a pool with 8 lanes or more is usually important. A competitive pool that is designed for hosting meets will allow a community to build a more regional or even national identity as a site for competitive swimming. However, it should be realized that regional and national swim meets are difficult to obtain on a regular basis, take a considerable amount of time, effort and money to run; can be disruptive to the regular user groups and can be financial losers for the facility itself. On the other side such events can provide a strong economic stimulus to the overall community.

Competitive diving is an activity that is often found in connection with competitive swimming. Most high school and regional diving competition centers on the 1 meter board with some 3 meter events (non-high school). The competitive diving market, unlike swimming, is usually very small (usually 10% to 20% the size of the competitive swim market) and has been decreasing steadily over the last ten years or more. As a result, many states have or are considering the elimination of diving as a part of high school swimming. Diving programs have been more viable in markets with larger populations and where there are coaches with strong diving reputations. Moving from springboard diving to platform (5 meter and 10 meter, and sometimes 3 and 7.5 meters), the market for divers drops even more while the cost of construction with deeper pool depths and higher dive towers becomes significantly larger. Platform diving is usually only a competitive event in regional and national diving competitions. As a result the need for inclusion of diving platforms in a competitive aquatic facility needs to be carefully studied to determine the true economic feasibility of such an amenity.

There are a couple of other aquatic sports that are often competing for pool time at competitive aquatic centers. However their competition base and number of participants is relatively small. Water polo is a sport that continues to be reasonably popular on the west coast but is not nearly as strong in Colorado and uses a space of 25 yards or meters by 45-66 feet wide (the basic size of an

8 lane, 25 yard pool). However a minimum depth of 6 foot 6 inches is required which is often difficult to find in more community based facilities. Synchronized swimming also utilizes aquatic facilities for their sport and they also require deeper water of 7-8 feet. This also makes the use of some community pools difficult.

Without doubt the hottest trend in aquatics is the leisure pool concept. This idea of incorporating slides, lazy rivers (or current channels), fountains, zero depth entry and other water features into a pool's design has proved to be extremely popular for the recreational user. The age of the conventional pool in most recreational settings has greatly diminished. Leisure pools appeal to the younger kids (who are the largest segment of the population that swims) and to families. These types of facilities are able to attract and draw larger crowds and people tend to come from a further distance and stay longer to utilize such pools. This all translates into the potential to sell more admissions and increase revenues. It is estimated conservatively that a leisure pool can generate up to 30% more revenue than a comparable conventional pool and the cost of operation while being higher, has been offset through increased revenues. Of note is the fact that patrons seem willing to pay a higher user fee with this type of pool that is in a park like setting than a conventional aquatics facility.

Another trend that is growing more popular in the aquatic's field is the development of a raised temperature therapy pool for relaxation, socialization, and rehabilitation. This has been effective in bringing in swimmers who are looking for a different experience and non-swimmers who want the advantages of warm water in a different setting. The development of natural landscapes have enhanced this type of amenity and created a pleasant atmosphere for adult socialization.

The multi-function indoor aquatic center concept of delivering aquatics services continues to grow in acceptance with the idea of providing for a variety of aquatics activities and programs in an open design setting that features a lot of natural light, interactive play features and access to an outdoor sun deck. The placing of traditional instructional/competitive pools, with shallow depth/interactive leisure pools and therapy water, in the same facility has been well received in the market. This idea has proven to be financially successful by centralizing pool operations for recreation service providers and through increased generation of revenues from patrons willing to pay for an aquatics experience that is new and exciting. Indoor aquatic centers have been instrumental in developing a true family appeal for community-based facilities. The keys to success for this type of center revolve around the concept of intergenerational use in a quality facility that has an exciting and vibrant feel in an outdoor like atmosphere.

Also changing is the orientation of aquatic centers from stand-alone facilities that only have aquatic features to more of a full-service recreation center that has fitness, sports and community based amenities. This change has allowed for a better rate of cost recovery and stronger rates of use of the aquatic portion of the facility as well as the other "dry side" amenities.

Aquatic Facilities Market Orientation: Based on the market information, the existing pools, and typical aquatic needs within a community, there are specific market areas that need to be addressed with any aquatic facility. These include:

1. Leisure/recreation aquatic activities - This includes a variety of activities found at leisure pools with zero depth entry, warm water, play apparatus, slides, seating areas and deck space. These are often combined with other non-aquatic areas such as concessions and birthday party or other group event areas.

2. Instructional programming - The primary emphasis is on teaching swimming and lifesaving skills to many different age groups. These activities have traditionally taken place in more conventional pool configurations but should not be confined to just these spaces. Reasonably warm water, shallow depth with deeper water (4 ft. or more), and open expanses of water are necessary for instructional activities. Easy pool access, a viewing area for parents, and deck space for instructors is also crucial.

3. Fitness programming - These types of activities continue to grow in popularity among a large segment of the population. From aqua exercise classes, to lap swimming times, these programs take place in more traditional settings that have lap lanes and large open expanses of water available at a 3 1/2 to 5 ft. depth.

4. Therapy – A growing market segment for many aquatic centers is the use of warm, shallow water for therapy and rehabilitation purposes. Many of these services are offered by medically based organizations that partner with the center for this purpose.

5. Competitive swimming/diving - Swim team competition and training for youth, adults and seniors requires a traditional 6 to 10 lane pool with a 1 and/or 3 meter diving boards at a length of 25 yards or 50 meters. Ideally, the pool depth should be no less than 4 ft. deep (7 is preferred). Spectator seating and deck space for staging meets is necessary. This market usually has strong demands for competitive pool space and time during prime times of center use.

6. Specialized uses – Activities such as water polo and synchronized swimming can also take place in competitive pool areas as long as the pool is deep enough (7 ft. minimum) and the pool area is large enough. However these are activities that have small participant numbers and require relatively large pool areas. As a result it may be difficult to meet the needs of specialized uses on a regular basis.

7. Social/relaxation - The appeal of using an aquatics area for relaxation has become a primary focus of many aquatic facilities. This concept has been very effective in drawing non-swimmers to aquatic facilities and expanding the market beyond the traditional swimming boundaries. The

use of natural landscapes and creative pool designs that integrate the social elements with swimming activities has been most effective in reaching this market segment.

8. Special events/rentals - There is a market for special events including kids birthday parties, corporate events, community organization functions, and general rentals to outside groups. The development of this market will aid in the generation of additional revenues and these events/rentals can often be planned for after or before regular hours or during slow use times. It is important that special events or rentals not adversely affect daily operations or overall center use.

Specific market segments include:

1. Families - Within this market, an orientation towards family activities is essential. The ability to have family members of different ages participate in a fun and vibrant facility is essential.

2. Pre-school children - The needs of pre-school age children need to be met with very shallow or zero depth water which is warm and has play apparatus designed for their use. Interactive programming involving parents and toddlers can also be conducted in more traditional aquatic areas as well.

3. School age youth - A major focus of most pools is to meet the needs of this age group from recreational swimming to competitive aquatics. The leisure components such as slides, fountains, lazy rivers and zero depth will help to bring these individuals to the pool on a regular basis for drop-in recreational swimming. The lap lanes provide the opportunity and space necessary for instructional programs and aquatic team use.

4. Teens - Another aspect of many pools is meeting the needs of the teenage population. Serving the needs of this age group will require leisure pool amenities that will keep their interest (slides) as well as the designation of certain "teen" times of use.

5. Adults – This age group has a variety of needs from aquatic exercise classes to lap swimming, triathlon training and competitive swimming through the master's program.

6. Seniors - As the population of the United States and the Longmont area continues to age, meeting the needs of an older senior population will be essential. A more active and physically oriented senior is now demanding services to ensure their continued health. Aqua exercise, lap swimming, therapeutic conditioning and even learn to swim classes have proven to be popular with this age group.

7. Special needs population - This is a secondary market, but with the A.D.A. requirements and the existence of shallow warm water and other components, the amenities are present to develop

programs for this population segment. Association with a hospital and other therapeutic and social service agencies will be necessary to reach this market.

8. Special interest groups - These include swim teams (and other aquatic teams), school district teams, day care centers and social service organizations. While the needs of these groups can be great, their demands on an aquatics center can often be incompatible with the overall mission of the facility. Care must be taken to ensure that special interest groups are not allowed to dictate use patterns for the center.

With the proper pools and strong utilization of the aquatics area, it is possible to meet most of the varied market orientations as outlined above.

Indoor Competitive Aquatic Facilities Inventory: There are a number of traditional indoor aquatic facilities that currently serve the greater Longmont market area. These vary from municipal pools to school facilities, to YMCA's. There are also two 50 meter competitive pools, in the larger market area.

City of Longmont Pools

Centennial Pool – The pool is the only facility that can actually host swimming events in the City. The pool is 6 lanes by 25 yards with a diving area (2-1 meter boards) as well as a shallow area. There is a seating area upstairs along with a small fitness space. The pool is over 40 years old, but has undergone a number of renovations. The seating area is too small for many events and the fitness equipment area takes up some of this space as well.

Centennial Pool serves 4 high schools, 2 USA swim teams (Redtails and Gurgle), a masters team, triathletes, and a recreational swim team (CARA). In addition, Skyline High School utilizes the pool for some classes, there are swim lessons, and land and water based fitness classes available. Special Olympics also utilizes the pool.

Longmont Recreation Center – The full-service recreation center has a 6 lane by 25 yard pool as well as a large leisure pool. The lap pool, due to demand, has had to serve the needs of competitive swimming (Redtails). The aquatic center maxes out its swim lessons and has a waiting list.

The City also operates the outdoor Sunset Pool during the summer months and this facility also serves the needs of competitive swim teams with its 6 lane by 25 meter area.

It is significant that none of the St. Vrain Valley School District's high schools have pools and their swim teams utilize City and YMCA aquatic facilities for this purpose.

Public Competitive Pools

Carbon Valley Recreation Center – The Carbon Valley Park & Recreation District's center in Frederick has a 6 lane by 25 yard pool (plus a leisure pool) that is a location for a number of competitive swim teams.

Mountain View High School – This high school, located in Loveland, is part of the Thompson School District and it has an 8 lane by 25 yard pool (plus a leisure pool) that is also a location for a number of swim teams in the greater Longmont area. In addition to this pool the district also operates the Dick Hewson Aquatic Center at Thompson Valley High School and the Loveland High School Pool.

It is important to note that City of Broomfield, Lafayette, Erie, and Loveland also have recreation centers with pools that can serve some level of lap and competitive swimming. However, Lyons, Mead and Berthoud do not have indoor public pools.

Non-Profits

Lehman YMCA – The YMCA is located a short distance from the City's Centennial Pool and the 8 lane by 25 meter lap pool serves not only YMCA members and programs but is also is a location for high school swim team practices as well as Redtails Swim Team practices. Due to the lack of seating and small deck space the pool cannot support actual swim meets.

Arapahoe YMCA – Located in Lafayette, the Y has an outdoor 6 lane by 25 yard L shaped pool with a diving area. This pool is bubbled in the winter so it can serve the competitive swim needs of the area.

Other

Located well out of the Longmont market are two public 50 meter aquatic centers that have very strong competitive orientations.

EPIC Center – The Edora Pool and Ice Center is located in Fort Collins and is operated by the City. The facility features a 50 meter pool as well as a large therapy pool. There is also a single sheet ice rink attached to the aquatic portion of the building. This pool not only serves the needs of area high schools but also Colorado State University and a number of competitive swim teams. The facility also hosts a large number of local, regional and state swimming and diving events.

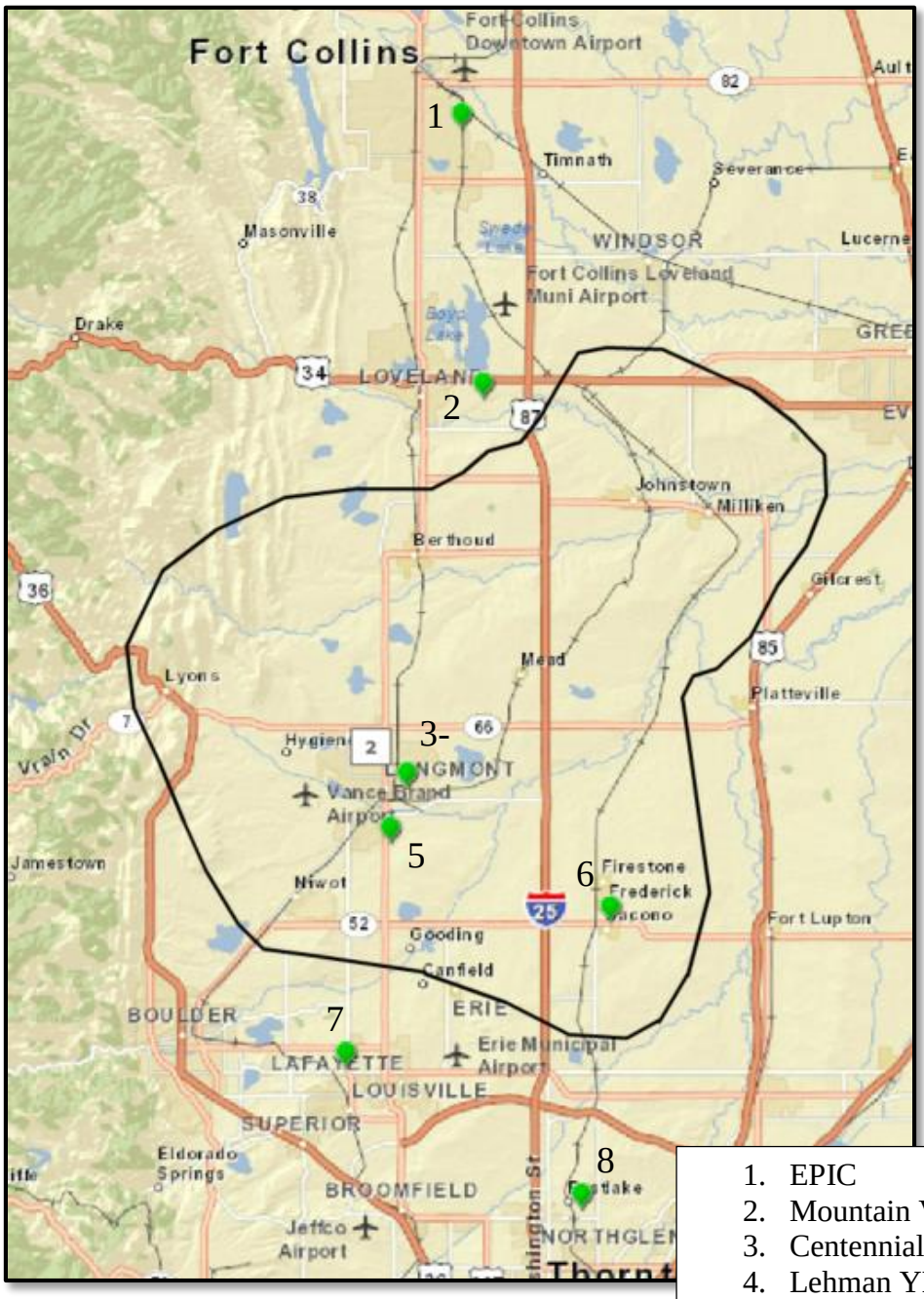
Veteran's Memorial Aquatics Center (VMAC) – This 50 meter aquatic center is located to the south of Longmont in Thornton. It was developed by the Adams 12 School District in partnership with the City of Thornton. The center serves the aquatic needs of the school district and also provides

a location for other swim teams to practice. The facility hosts a number of local, regional and state events as well. The center does not have open swim time for the general public however.

There have been some persistent rumors that a 50 meter pool may be developed at some point in Loveland. If this does occur, it would have a significant impact on the northern portion of the Secondary Service Area. In addition, there are also plans for a possible private therapy pool in Longmont. It is not expected that this will have any impact on the competitive swim market however.

This is a representative listing of indoor competitive pools in the greater Longmont area and is not meant to be a total accounting of all service providers. There may be other facilities located in the area that have an impact on the competitive aquatic market as well.

Map H – Area Indoor Competitive Aquatic Facilities Map:



1. EPIC
2. Mountain View High School
3. Centennial Pool
4. Lehman YMCA
5. Longmont Recreation Center
6. Carbon Valley Recreation Center
7. Arapahoe YMCA
8. Veteran's Memorial Aquatic Center

Other Competitive Aquatic Facility Providers Conclusion: After analyzing the existing indoor pools that support competitive aquatics in the greater Longmont area, the primary providers are Centennial Pool, Lehman YMCA and the Carbon Valley Recreation Center. However, these aquatic centers are all inadequate to serve the existing and future demands for competitive focused water in Longmont and the surrounding areas. Beyond these facilities, residents of the service areas are having to rely on facilities in other communities that are much further away from Longmont.

It is truly amazing that Centennial Pool can support the level of competitive swimming that it does with only having 6 lanes. Without the YMCA pool and the use of the Longmont Recreation Center, there is no way that this facility can even attempt to meet the varied needs of the school district, USA swim teams, masters swim team, and other groups.

Market Conclusion for a New Competitive Aquatic Facility:

Below are listed some of the market opportunities and challenges that exist with a possible new competitive focused pool in Longmont.

Opportunities

- The Primary Service Area (City of Longmont) with just over 90,000 people is large enough to support a new competitive aquatic center especially if the intent is to replace the existing Centennial Pool. The Secondary Service Area adds another 185,000 people to the market area.

- The demographic characteristics in both service areas indicate a number of households made up families with young children. These are the strongest user groups for aquatic amenities. The senior population is also smaller than the national population.

- The area has a higher median household income level.

- The population will continue to grow at a steady pace.

- The existing Centennial Pool is over 40 years old and has only 6 lanes for swim team practices and meets. The facility will simply not be able to meet the competitive aquatic needs of the residents of Longmont and the immediate surrounding area in the future. Centennial ultimately needs to be replaced. Due to the small size of Centennial, the pools at the Longmont Recreation Center and the Lehman YMCA also have to be utilized to meet the competitive swim needs of the community.

- Longmont's recently completed Parks, Recreation and Trails Master Plan specifically notes the need to replace Centennial Pool.

- There is a growing demand for more pool time to support the four high schools that serve the City, the two USA teams, the masters swim team as well as other community needs such as swimming lessons, lap swimming and aqua exercise.

- Lyons, Mead and Berthoud do not have indoor public pools.

- The St. Vrain Valley School District does not have any pools at their eight high schools.

Challenges

- The demographics of the service areas will show a significant increase in the senior population in the coming years. The rate of participation in aquatic activities is generally lower among this age group.

- There are several other pools and aquatic centers in the Secondary Service Area. This includes two large 50 meter aquatic centers, one to the north and the other to the southeast.

- Up to this point, the St. Vrain Valley School District does not pay for any pool time at Centennial Pool despite the fact that they are one of the larger user groups.

- Funding not only the development but the operation of a new competitive focused aquatic center will have to be clearly defined. This effort is likely to require at least one equity partner.

Recommendations

- Centennial Pool due to its age, small number of lanes, lack of seating and other support amenities should be replaced by a new competitive focused indoor pool.

- A new competitive focused indoor pool should have a minimum of at least 10 lanes, a separate diving area (1 meter and 3 meter only), adequate raised seating (at least 500), locker rooms and other non-aquatic spaces (fitness, etc.). The aquatic area should also have a separate leisure pool. Without these other elements, it will be difficult for the center to cover 70% of its cost of operation.

- A competitive aquatic center that includes a 50 meter tank will require a significant equity partner to share not only development costs but also operations funding.

Ice Participation Trends: The rate of participation in ice related activities (primarily hockey and figure skating) have always been relatively low especially when compared to other sports such as swimming and exercising with equipment. It is estimated that 1.3% of the population (over age 7) participates in hockey in the Mountain region. Traditionally participation in ice activities has varied considerably with periods of strong growth followed by little to no growth or even the loss of participants. Due to the relatively small market and variance in the rate of participation, changes can show up quickly in most facilities. With this in mind it must be recognized that an indoor ice rink will need to be considered a regional facility that must draw users from well outside of a single community's boundaries. This makes an ice rink somewhat dependent on the non-resident user for success.

Most ice rinks are known as either a hockey or figure skating rink. It is generally difficult to serve both markets adequately and generally the youth/adult hockey market is the largest and most financially lucrative. However, rinks must also allow time for public skating, learn to skate programs and other specialty uses such as broomball, curling or even short track speed skating.

Rinks can also have a focus on simply selling ice time to other organizations (usually youth hockey and/or a figure skating club). However, long term, most rinks are more financially stable when they emphasize the development of their own programs that concentrate on the local market. The greater the reliance on this market, the more immediate control there will be over the long term direction of the rink. A commitment to this operational philosophy often requires several years to fully develop local programs and a realization that in the interim, revenues may not be as large as those derived from catering to a specific special interest group's immediate needs. The development of a comprehensive marketing plan with a goal of achieving a local orientation will be essential if this approach is taken.

The local market orientation should include:

1. Public skating sessions - It is important that there is a substantial commitment to providing public skating sessions on a weekly basis to serve the local population. There should be public sessions scheduled at same basic times of early afternoon to early evening several times during the week (winter season). Session times and hours should be adjusted to ensure optimum participation and revenues. A strong commitment to public skating will help to build interest in other programs such as figure skating and hockey.

2. Learn to skate - The development of a strong learn to skate program will feed participants into both the figure skating and hockey program. This lesson program should be a strong revenue producer for the rink if it is properly scheduled and promoted.

3. Hockey program - There will need to be an in-house youth hockey league developed or an independent organization designated to provide a hockey program for the rink. Self-operating

programs usually prove to be profitable as the return on program costs nets a higher rate than what can be obtained through ice rentals. This program should focus on in-house leagues as well as developmental programs. Travel teams and other elite programs should also receive attention but not to the detriment of the in-house programs and activities. In-house programs should be a natural feeder to the travel teams. The development of fall, spring and even summer leagues need to be strongly pursued as well. Adult hockey leagues, youth hockey tournaments, clinics, summer camps and other programs will also need to receive attention. A stronger market is also developing for women's hockey in some areas and this demand will need to be factored into the rink's program offerings.

4. Figure skating - The development of a figure skating club (either in-house or by an independent organization) will be important. This will require the hiring of competent instructors and coaches including a director of skating. Group lessons, private lessons, clinics and camps will need to be developed and promoted. The establishment of a strong figure skating program will be critical to year round operation of the rink. Several ice shows and skating competitions, with a local orientation, should be offered over the course of the year. These programs often serve as a motivator to help maintain skating interest and prolong and expand revenue generation.

5. Speed skating - Depending on the rink's layout and size, short track speed skating programs can be initiated. This could include a program for adults as well as kids and will probably require the affiliation with an existing club or organization in the area to get the program started. It should be realized that the cost for the rink pads is expensive and will take some time to recoup through a short track speed skating program.

6. School district activities - Providing ice time to the high school hockey program (at market rates) will be important as well as exploring the possibility of developing physical education programs for local schools. This could expand the use of the rink during the slower mid-day time periods during the school year.

7. Ice time rentals - After the needs of the in-house programs and activities have been satisfied, open rentals to any individuals, groups and organizations need to been strongly encouraged. These rentals should be at the established hourly rates for the rink. The goal of the rentals should be to sell the fringe hours of late night, early morning and daytime weekday usage.

8. Other programs - Activities such as broomball, synchronized skating or even curling can be utilized to fill in the open times in the facility's schedule particularly during the startup times of early fall and late spring.

9. Special interest groups – Community groups (including home school groups) could possibly make use of the ice rink for a variety of functions and training. The rink's use by such groups

should be during non-prime time hours and not done at the expense of any in-house programs or activities. These groups should also be expected to pay the going rate for rink use.

10. Dry floor/off season activities - If the rink is only going to be a seasonal operation then the development of alternative non-ice uses will be critical to the financial health of the facility. The first priority should be to establish complimentary uses such as inline hockey leagues, indoor soccer or other similar pursuits. If there is still additional time available then the use of floor space for concerts, fairs, trade shows and exhibits and other recreational activities needs to be pursued. However the building should be an ice facility first and foremost and dry floor uses and other non-ice activities should not be conducted to the detriment of the ice rink and its programs.

One of the ways to expand the draw for users from outside the Secondary Service Area is special events that bring in name skaters for ice shows or noted players or coaches for hockey camps and training sessions. However, it should be realized that a Longmont rink will have to compete with the other rinks in the region for these types of activities.

The viability of an indoor ice rink can often be enhanced with the development of other complimentary activity spaces such as a pool, weight/cardiovascular areas and other fitness amenities. Use and revenue can be increased for the ice rink with this type of arrangement while operating expenses are minimized through consolidation of resources.

Indoor Ice Rink Inventory: There are a number of indoor ice rinks in the greater Longmont region. These vary from municipal rinks to private facilities, to the YMCA.

City of Longmont

Longmont Ice Pavilion – This outdoor, seasonal ice rink is located in Roosevelt Park. The rink operates from mid-November through mid-March. The facility has youth and adult hockey programs, learn to skate programs as well as open skating times (early season) and it hosts a couple of tournaments. The rink has limited hours (closes by 9pm and is not open on Sundays) as well as a small ice surface. The small ice surface results in youth hockey leagues that are focused on the younger age groups and less competitive adult leagues. The rink is financially successful and currently operates at capacity.

Public

Ice Centre at the Promenade – This triple ice sheet facility is a joint project of Hyland Hills Park and Recreation District and the City of Westminster. The rinks provide a full complement of ice activities and programs as well as a significant number of tournaments, camps and clinics.

EPIC Center – This City of Fort Collins facility features two sheets of ice as well as a 50 meter competitive pool. The second sheet of ice was added in the last several years and the rink receives strong use for adult and youth hockey as well as learn to skate and other programs.

Greeley Ice Haus – The rink is operated by the City of Greeley and serves the far northeast portion of the greater Secondary Service Area. It is also a full service ice operation.

Private

Boulder Valley Ice – Located in Superior, this single sheet facility is preparing to add a second rink and possibly a studio rink in the near future. It is the home of Boulder Hockey Club (primarily youth hockey) but the facility also has a strong adult hockey league and learn to skate program.

NOCO Ice Center – This rink is located in south Fort Collins and serves not only that community but also Windsor and Loveland. The rink is operated by the Northern Colorado Youth Hockey Junior Eagles but there are programs for adult hockey, learn to skate, curling and public skating.

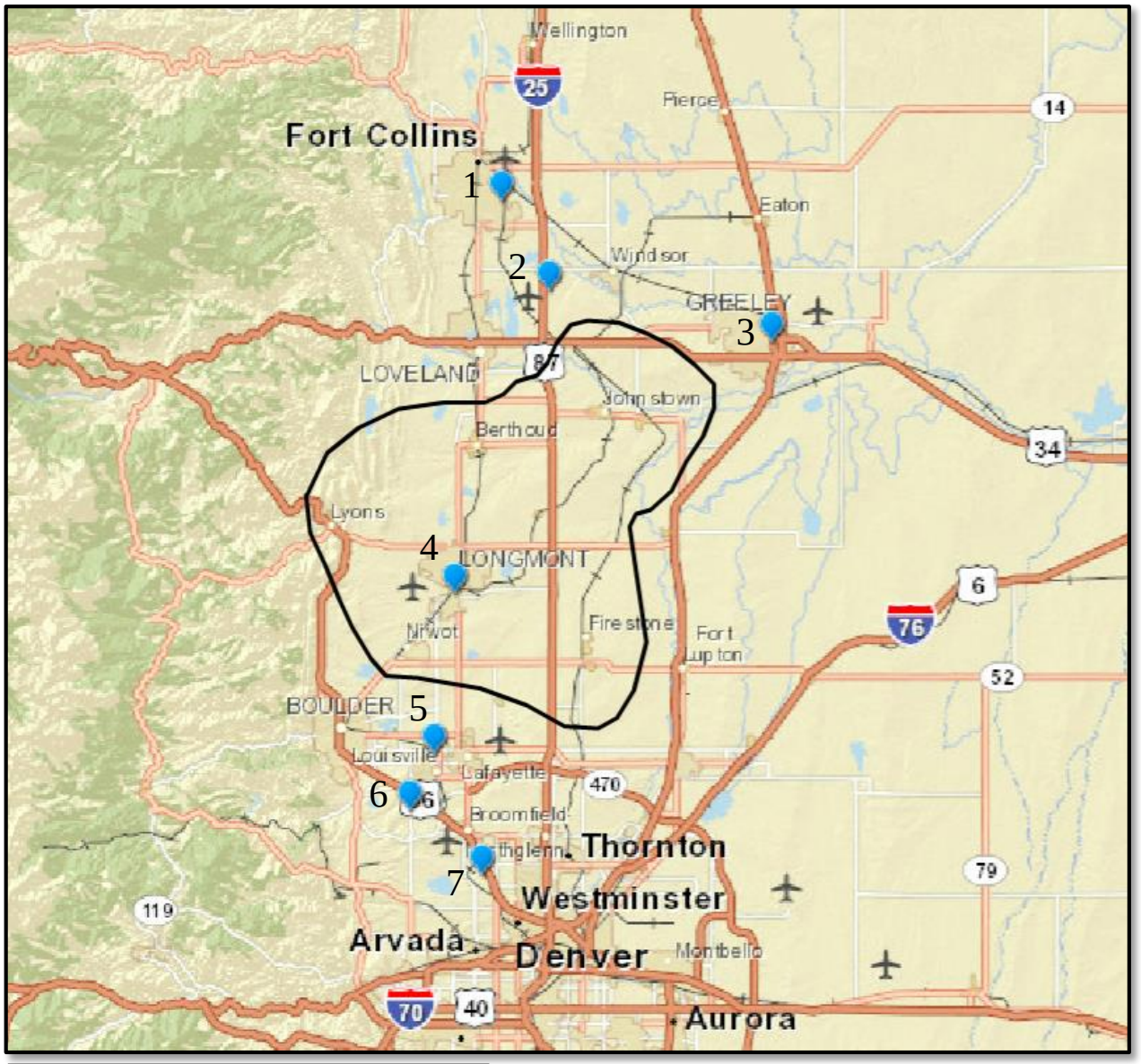
Non-Profit

Arapahoe YMCA–Carlston Ice Arena – The arena is part of the Arapahoe YMCA site in Lafayette. This is the closest rink to Longmont and it has a strong focus on youth and adult hockey. The rink is smaller than NHL size however.

In addition to these rinks there has been some discussion about the possible development of a public indoor rink in Firestone. This would have a dramatic impact on the market for a Longmont ice rink.

This is a representative listing of indoor ice rinks in the greater Longmont area and is not meant to be a total accounting of all service providers. There may be other rinks located in the Denver area that have an impact on the ice market as well.

Map I – Area Ice Rink Map:



1. EPIC
2. NOCO Ice Center
3. Greeley Ice Haus
4. Longmont Ice Pavilion
5. Arapahoe YMCA
6. Boulder Valley Ice
7. Ice Center at the Promenade

Other Indoor Ice Rink Providers Conclusion: There are a significant number of ice rinks in the area around Longmont. This is particularly true for the north Denver area, south of Longmont. The other major providers are located to the north in Fort Collins and Greeley. In addition, several rinks have added (EPIC) new sheets in recent years or are planning to (Boulder Valley Ice) in the near future. However, the Secondary Service Area that has been identified has a population of over 275,000 people and ice participants must leave this market for rink use. On the other side, a possible indoor rink in Firestone would have a strong impact on the Longmont market.

The existing seasonal Ice Pavilion, has proven to be successful with a limited season and a small ice surface area, indicating that there is market demand for more ice in the greater Longmont area. However, moving from a seasonal operation to an indoor, year round facility, is a big leap and will require a much stronger regional demand.

As part of the analysis of other providers, several operators of ice rinks in the region were contacted regarding the possible market and demand for an indoor ice rink in Longmont. The following is a summary of their comments:

- The facility will have to serve a larger market than just Longmont proper. There is a relatively large and growing market available to the east of Longmont in Firestone, Frederick, and Dacono and this area is not well served by existing rinks. Being able to draw from this market area will be critical.

- To service this market a site closer to I-25 will be important.

- A new indoor rink would certainly pull some of its users from existing rinks but these would primarily be individuals that currently live in the greater Longmont market and are traveling to other facilities. However, it will take 4-5 years to build a strong hockey and other program base to fully support the facility.

- Filling the rink during prime time will not be a problem but off-season will be difficult, especially in the first few years of operation.

- The rink will need to have a variety of programs including youth and adult hockey, figure skating, public skating sessions, and tournaments.

- The rink will likely lose money on an annual basis for at least the first 4-5 years.

Market Conclusion for a New Indoor Ice Rink:

Below are listed some of the market opportunities and challenges that exist with a possible new indoor ice rink in Longmont.

Opportunities

- The Secondary Service Area with over 275,000 people is large enough to support a new indoor ice rink.
- The demographic characteristics in both service areas indicate a number of households made up families with young children. These are the strongest user groups for recreation and ice facilities. The senior population is also smaller than the national population.
- The Secondary Service Area has a higher median household income level.
- The population will continue to grow at a steady pace.
- The Ice Pavilion is the only ice rink in Longmont and it is an outdoor, seasonal facility. As a result many ice users have to leave Longmont for their activities.
- While there are a number of indoor ice rinks in the surrounding area, there is no indoor rink that directly services the identified Secondary Service Area.
- The existing Ice Pavilion has shown that there is a market for ice related activities in Longmont.
- The St. Vrain Valley School District's ice hockey clubs have to utilize other rinks north of Longmont for practices and games.
- Since a new indoor ice rink in Longmont will draw a significant number of users from beyond the City, it will have a positive economic impact on the community.

Challenges

- The Primary Service Area (City of Longmont) with just over 90,000 people is not large enough to support a new indoor, year round, ice rink. The facility will need to draw well from the Secondary Service Area on a consistent basis.
- The demographics of the service areas will show a significant increase in the senior population in the coming years. The rate of participation in ice activities is much lower among this age group.

- There are a significant number of ice rinks located to the north and south of Longmont and these facilities currently draw users from the City and the Secondary Service Area. Several of these rinks have recently added ice sheets or will in the next year or so.

- Compared to many other sports, ice activities (and hockey in particular) attract a relatively small market segment. As a result, any change in the popularity of the sport tends to show up in the use and revenue patterns of the facility almost immediately.

- Since a new indoor, year round, ice rink will take some time to reach its full programming and use potential, the facility will most likely operate at a loss for the first 3-5 years.

- Funding not only the development but the operation of a new indoor ice rink will have to be clearly defined.

Recommendations

- Consider the development of an indoor, NHL sized, single sheet of ice with the ability to add a second sheet in the future and possibly an outdoor recreational rink. This type of facility should only be built if the City is ready to take on the funding of an operational subsidy for a number of years.

- Ideally other indoor recreation amenities should be included with an ice rink (aquatics, fitness, and sports) to increase use and revenues.

- A site will ultimately need to be selected that will allow easy access from the east side of the market area.

- A broad based offering of ice programs will be necessary with an emphasis on building in-house programs rather than just selling ice time.

- With the opening of a new indoor ice rink in Longmont, the existing outdoor Ice Pavilion should be closed as it will pull users and revenue from the new facility.